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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 07-01-2011 and ending 06-30-2012

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
LAKEWOOD HEALTH CENTER

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
600 Main Avenue South

City or town, state or country, and ZIP + 4
Baudette, MN 56623

D Employer identification number
41-0758434

E Telephone number
(218)634-2120

G Gross receipts $ 15,279,908

F Name and address of principal officer
JASON BREUER
600 Main Avenue South
Baudette, MN 56623

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶ 0928

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW LAKEWOODHEALTHCENTER ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1959

M State of legal domicile MN

Part I Summary

1 Briefly describe the organization's mission or most significant activities
LAKEWOOD HEALTH CENTER IS A SMALL FACILITY LOCATED IN A RURAL AND ISOLATED SETTING THE CONTINUUM OF CARE INCLUDES PHYSICIAN CLINIC, ACUTE CARE, RESIDENTIAL CARE AND LONG TERM CARE

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	11
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	8
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	181
6	Total number of volunteers (estimate if necessary)	**6**	60
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	1,518
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	400,990	97,027
9	Program service revenue (Part VIII, line 2g)	14,897,237	14,544,679
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	481,880	244,482
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	47,708	392,392
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	15,827,815	15,278,580
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	26,078	19,149
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	7,979,166	7,537,284
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶46,430		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	6,132,448	6,022,865
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	14,137,692	13,579,298
19	Revenue less expenses Subtract line 18 from line 12	1,690,123	1,699,282

Revenue

Expenses

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	15,369,694	19,801,548
21	Total liabilities (Part X, line 26)	4,526,453	7,520,511
22	Net assets or fund balances Subtract line 21 from line 20	10,843,241	12,281,037

Net Assets or Fund Balances

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

▶ Signature of officer — 2013-05-14 Date

▶ JASON BREUER ADMINISTRATOR
Type or print name and title

Paid Preparer's Use Only

Preparer's signature ▶ Kimberly Steenhoek | Date | Check if self-employed ▶☐ | Preparer's taxpayer identification number (see instructions) P01201968

Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ CATHOLIC HEALTH INITIATIVES
198 INVERNESS DRIVE WEST
ENGLEWOOD, CO 80112

EIN ▶ 47-0617373

Phone no ▶ (303) 298-9100

May the IRS discuss this return with the preparer shown above? (see instructions) ☑ Yes ☐ No

Part III **Statement of Program Service Accomplishments**

Check if Schedule O contains a response to any question in this Part III . . . . . ☐

1 Briefly describe the organization's mission

THE ORGANIZATION'S MISSION IS TO NURTURE THE HEALING MINISTRY OF THE CHURCH BY BRINGING IT NEW LIFE, ENERGY AND VIABILITY IN THE 21ST CENTURY FIDELITY TO THE GOSPEL URGES US TO EMPHASIZE HUMAN DIGNITY AND SOCIAL JUSTICE AS WE MOVE TOWARD THE CREATION OF HEALTHIER COMMUNITIES

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 10,933,622 including grants of $ 19,149) (Revenue $ 14,544,679)

SEE SCHEDULE H

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)

(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ $ 10,933,622

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9	Yes	
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35a	Is any related organization a controlled entity of the filing organization within the meaning of section 512(b)(13)?	**35a**		No
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		No
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V . . . . . .

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	32		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	181			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**		No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**				
c	Enter the aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

Part VI **Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI . . . . . ☑

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	11		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	8		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5			No
6	Did the organization have members or stockholders?	6		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	8a		Yes	
b	Each committee with authority to act on behalf of the governing body?	8b		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9			No

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review the Form 990			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a	Yes	
b	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	12c	Yes	
13	Did the organization have a written whistleblower policy?	13	Yes	
14	Did the organization have a written document retention and destruction policy?	14		No
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a		No
b	Other officers or key employees of the organization	15b	Yes	
	If "Yes," to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		No
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶ MN

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization ▶

Lynn Ellis
600 Main Avenue South
Baudette, MN 56623
(218) 634-3440

Part VII Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response to any question in this Part VII . . . . . ☑

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

☐ Check this box if neither the organization nor any related organizations compensated any current or former officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) BRUCE BURTON Chair	4 00	X		X				0	0	0
(2) JASON BREUER Administrator	50 00	X		X				0	208,211	50,855
(3) PHILIP MILLER Vice Chair	1 00	X		X				0	0	0
(4) ROBYN SONSTEGARD Secretary/Treasurer	1 00	X		X				0	0	0
(5) AMY BALLARD Board Member	1 00	X						0	0	0
(6) ANN ELLIS Board Member	1 00	X						0	0	0
(7) JEFFREY DROP SVP Division Officer	1 00	X						0	540,927	82,538
(8) JOE BRUCCIANI Board Member	1 00	X						0	0	0
(9) PASTOR HARALD BRINGSJORD Board Member	1 00	X						0	0	0
(10) RALPH CHRISTOFFERSON Board Member	1 00	X						0	0	0
(11) ROBERT DAYER Board Member/Physician	44 00	X						203,129	0	24,348
(12) SISTER REBECCA METZGER Board Member	1 00	X						0	0	0
(13) LYNNETTE ELLIS CFO	44 00			X				84,502	0	14,873
(14) CHRISTOPHER MCGRAW Physician	40 00					X		266,906	0	34,789
(15) MOHAN BANGALORE-PUTTAIAH Physician	40 00					X		261,281	0	31,329
(16) THOMAS MIO VP Health Services	48 00					X		120,998	0	22,863

Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** (continued)

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								936,816	749,138	261,595

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 4

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	**4**	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**5**		No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
WAPITI MEDICAL GROUP-LYFJABERG LLC 603 S DAKOTA STREET PO BOX 523 MILBANK, SD 57252	MEDICAL SERVICES	140,154
LIFECARE MEDICAL CENTER 715 DELMORE DRIVE ROSEAU, MN 57651	MEDICAL SERVICES	105,302
R C SHEFLAND 27040 COUNTY 9 BEMIDJI, MN 566019005	MEDICAL SERVICES	101,400

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 3

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . 1a				
	b	Membership dues 1b				
	c	Fundraising events 1c				
	d	Related organizations . . . 1d 19,030				
	e	Government grants (contributions) 1e 24,915				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f 53,082				
	g	Noncash contributions included in lines 1a-1f $				
	h	**Total.** Add lines 1a-1f . . . . . ▶	97,027			
Program Service Revenue		Business Code				
	2a	PATIENT SERVICES 900099	14,517,313	14,517,313		
	b	RENTAL INCOME 900099	2,700	2,700		
	c					
	d					
	e					
	f	All other program service revenue	24,666	24,666	0	0
	g	**Total.** Add lines 2a–2f . . . . . ▶	14,544,679			
	3	Investment income (including dividends, interest and other similar amounts) . . . . . ▶	176,836		224	176,612
	4	Income from investment of tax-exempt bond proceeds . . ▶	0			
	5	Royalties . . . . . ▶	0			
		(i) Real / (ii) Personal				
	6a	Gross rents				
	b	Less rental expenses				
	c	Rental income or (loss) 0 / 0				
	d	Net rental income or (loss) . . . . . ▶	0			
		(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory 66,974 / 2,000				
	b	Less cost or other basis and sales expenses 1,329				
	c	Gain or (loss) 66,974 / 671				
	d	Net gain or (loss) . . . . . ▶	67,646			67,646
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . . a				
	b	Less direct expenses . . . b				
	c	Net income or (loss) from fundraising events . . ▶	0			
	9a	Gross income from gaming activities See Part IV, line 19 . . . a				
	b	Less direct expenses . . . b				
	c	Net income or (loss) from gaming activities . . ▶	0			
	10a	Gross sales of inventory, less returns and allowances . a				
	b	Less cost of goods sold . . b				
	c	Net income or (loss) from sales of inventory . . ▶	0			
		Miscellaneous Revenue / Business Code				
	11a	PRODUCT SALES 900099	338,620			338,620
	b	SERVICES SOLD 900099	37,445		1,294	36,151
	c	CAFETERIA 722100	348			348
	d	All other revenue	15,979	0	0	15,979
	e	**Total.** Add lines 11a–11d . . . . . ▶	392,392			
	12	**Total revenue.** See Instructions . . . ▶	15,278,580	14,544,679	1,518	635,356

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)
Check if Schedule O contains a response to any question in this Part IX . . . . . ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	19,149	19,149		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	334,849	228,773	105,038	1,038
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	5,542,813	5,064,444	463,193	15,176
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	294,334	264,900	28,551	883
9	Other employee benefits	948,912	854,021	92,044	2,847
10	Payroll taxes	416,376	374,738	40,389	1,249
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	0			
c	Accounting	0			
d	Lobbying	0			
e	Professional fundraising *See Part IV, line 17*	0			
f	Investment management fees	0			
g	Other	2,593,803	1,281,936	1,291,956	19,911
12	Advertising and promotion	64,207	63,630		577
13	Office expenses	625,309	587,228	37,586	495
14	Information technology	0			
15	Royalties	0			
16	Occupancy	302,799	302,799		
17	Travel	94,530	56,488	34,534	3,508
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	1,863	1,863		
20	Interest	138,015	138,015		
21	Payments to affiliates	454,716		454,716	
22	Depreciation, depletion, and amortization	660,444	659,288	1,156	
23	Insurance	35,450	35,450		
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	MINNESOTA STATE PROVIDER TAX	313,709	313,709		
b	MEDICAL SUPPLIES	440,054	440,054		
c	REPAIRS AND MAINTENANCE	154,908	154,908		
d	BAD DEBTS	51,207	51,207		
e					
f	All other expenses	91,851	41,022	50,083	746
25	**Total functional expenses.** Add lines 1 through 24f	13,579,298	10,933,622	2,599,246	46,430
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation	0			

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		799	1	798
	2	Savings and temporary cash investments		927,632	2	667,630
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		1,690,904	4	6,415,900
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		30,497	7	1,170
	8	Inventories for sale or use		125,792	8	167,075
	9	Prepaid expenses and deferred charges		15,058	9	7,707
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 13,477,575			
	b	Less accumulated depreciation	10b 9,144,209	4,793,883	10c	4,333,366
	11	Investments—publicly traded securities			11	0
	12	Investments—other securities See Part IV, line 11		7,785,129	12	8,207,902
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		0	15	0
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		15,369,694	16	19,801,548
Liabilities	17	Accounts payable and accrued expenses		1,373,117	17	4,760,211
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*		17,526	21	8,399
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		3,135,810	25	2,751,901
	26	**Total liabilities.** Add lines 17 through 25		4,526,453	26	7,520,511
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		10,616,039	27	12,156,790
	28	Temporarily restricted net assets		227,202	28	124,247
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		10,843,241	33	12,281,037
	34	Total liabilities and net assets/fund balances		15,369,694	34	19,801,548

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response to any question in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	15,278,580
2	Total expenses (must equal Part IX, column (A), line 25)	2	13,579,298
3	Revenue less expenses Subtract line 2 from line 1	3	1,699,282
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	10,843,241
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-261,484
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	12,281,037

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII . . . . . ☐

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? . .	2a		No
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O	2c	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separated basis			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a		No
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . .	3b		

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
LAKEWOOD HEALTH CENTER

Employer identification number
41-0758434

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

1 ☐ A church, convention of churches, or association of churches **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

3 ☑ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

_____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)

9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Other

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization? **11g(i)**		
(ii) a family member of a person described in (i) above? **11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

h Provide the following information about the supported organization(s)

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document? Yes	(iv) No	(v) Did you notify the organization in col (i) of your support? Yes	(v) No	(vi) Is the organization in col (i) organized in the U S ? Yes	(vi) No	(vii) Amount of support?
Total									

Part II **Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (See instructions) **12**

13 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here**

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2010 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2011.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

b **33 1/3% support test—2010.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

17a **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

b **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

18 **Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions

Part III **Support Schedule for Organizations Described in IRC 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2011** (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from **2010** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions ▶☐

Part IV **Supplemental Information.** Supplemental Information. Complete this part to provide the explanation required by Part II, line 10; Part II, line 17a or 17b; or Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Explanation

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SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below.**

▶ **Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.**

OMB No 1545-0047

2011

Open to Public Inspection

If the organization answered "Yes," to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered "Yes," to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization	Employer identification number
LAKEWOOD HEALTH CENTER	41-0758434

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

Part I-B Complete if the organization is exempt under section 501(c)(3).

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

Part I-C Complete if the organization is exempt under section 501(c) except section 501(c)(3).

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

(a) Name	**(b)** Address	**(c)** EIN	**(d)** Amount paid from filing organization's funds If none, enter -0-	**(e)** Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter -0-

Part II-A **Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**

A Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000
Over $17,000,000	$1,000,000

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ **Yes** ☐ **No**

4-Year Averaging Period Under Section 501(h)
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?	Yes		1,912
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?	Yes		394
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		648
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV		No	
j	Total lines 1c through 1i			2,954
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

			Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1		
2	Did the organization make only in-house lobbying expenditures of $2,000 or less?	2		
3	Did the organization agree to carryover lobbying and political expenditures from the prior year?	3		

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes".

1	Dues, assessments and similar amounts from members	1	
2	Section 162(e) non-deductible lobbying and political expenditures **(do not include amounts of political expenses for which the section 527(f) tax was paid).**		
a	Current year	2a	
b	Carryover from last year	2b	
c	Total	2c	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i. Also, complete this part for any additional information

Identifier	Return Reference	Explanation
Description of the activities reported on Lines 1a through 1i	Schedule C, Part II-B, Line 1	LINE 1B, LINE 1D, AND LINE 1G THE ADMINISTRATOR AND VP OF HEALTH SERVICES CONTACTED LEGISLATORS REGARDING HEALTH CARE ISSUES THE ADMINISTRATOR ALSO ATTENDED A DAY AT THE CAPITOL REGARDING MINNESOTA HEALTH CARE ISSUES LINE 1F THE PORTION OF ORGANIZATION DUES THAT ARE RELATED TO LOBBYING ARE AS FOLLOWS AMERICAN HOSPITAL ASSOCIATION - $273, CATHOLIC HEALTH ASSOCIATION - $121

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
LAKEWOOD HEALTH CENTER

Employer identification number
41-0758434

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit ☐ Yes ☐ No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or pleasure)
☐ Preservation of an historically importantly land area
☐ Protection of natural habitat
☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a–2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

		Held at the End of the Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the taxable year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

(ii) Assets included in Form 990, Part X ▶ $ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

3 Using the organization's accession and other records, check any of the following that are a significant use of its collection items (check all that apply)

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIV

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☑ No

b If "Yes," explain the arrangement in Part XIV and complete the following table

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21? ☑ Yes ☐ No

b If "Yes," explain the arrangement in Part XIV

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the year end balance held as

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Term endowment ▶

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

		Yes	No
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part XIV the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		103,424		103,424
b Buildings		9,742,245	6,226,829	3,515,416
c Leasehold improvements				0
d Equipment		3,383,595	2,684,511	699,084
e Other		248,311	232,869	15,442
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				4,333,366

Part VII Investments—Other Securities. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives	0	
(2) Closely-held equity interests	0	
(3) Other		
(A) CHI OIP - FIXED INCOME	4,121,527	
(B) CHI OIP - EQUITY SECURITIES	4,086,375	
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	8,207,902	

Part VIII Investments—Program Related. See Form 990, Part X, line 13.

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) should equal Form 990, Part X, col (B) line 13)* ▶		

Part IX Other Assets. See Form 990, Part X, line 15.

(a) Description	(b) Book value
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

Part X Other Liabilities. See Form 990, Part X, line 25.

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
INTERCOMPANY PAYABLE	2,751,901
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	2,751,901

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

Part XI Reconciliation of Change in Net Assets from Form 990 to Financial Statements

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	
9	Total adjustments (net) Add lines 4 - 8	9	
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

1	Total revenue, gains, and other support per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

1	Total expenses and losses per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
Explanation of escrow agreement	Schedule D, Part IV, Line 2b	FUNDS ARE HELD ON BEHALF OF RESIDENTS IN LONG-TERM CARE
FIN 48 (ASC 740) footnote	Schedule D, Part X, Line 2	LAKEWOOD HEALTH CENTER'S FINANCIAL INFORMATION IS INCLUDED IN THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF CATHOLIC HEALTH INITIATIVES (CHI), A RELATED ORGANIZATION CHI'S FIN 48 (ASC 740) FOOTNOTE FOR THE YEAR ENDED JUNE 30, 2012 READS AS FOLLOWS "CHI IS A TAX-EXEMPT COLORADO CORPORATION AND HAS BEEN GRANTED AN EXEMPTION FROM FEDERAL INCOME TAX UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE CHI OWNS CERTAIN TAXABLE SUBSIDIARIES AND ENGAGES IN CERTAIN ACTIVITIES THAT ARE UNRELATED TO ITS EXEMPT PURPOSE AND THEREFORE SUBJECT TO INCOME TAX MANAGEMENT REVIEWS ITS TAX POSITIONS ANNUALLY AND HAS DETERMINED THAT THERE ARE NO MATERIAL UNCERTAIN TAX POSITIONS THAT REQUIRE RECOGNITION IN THE ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS "

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
LAKEWOOD HEALTH CENTER

Employer identification number
41-0758434

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization had multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care? If "Yes," indicate which of the following is the FPG family income limit for eligibility for free care ☐ 100% ☐ 150% ☐ 200% ☐ Other _____ %	3a		No
b	Did the organization use FPG to determine eligibility for providing *discounted* care? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b		No
c	If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Did the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit reportduring the tax year?	6a	Yes	
6b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)		536	171,243	0	171,243	1 270 %
b Medicaid (from Worksheet 3, column a)		0	2,161,537	1,404,077	757,460	5 600 %
c Costs of other means-tested government programs (from Worksheet 3, column b)		0	0	0	0	0 %
d **Total** Charity Care and Means-Tested Government Programs	0	536	2,332,780	1,404,077	928,703	6 870 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	13	275	85,394	225	85,169	0 630 %
f Health professions education (from Worksheet 5)	1	0	6,192	0	6,192	0 050 %
g Subsidized health services (from Worksheet 6)	2	0	1,457	0	1,457	0 010 %
h Research (from Worksheet 7)	0	0	0	0	0	0 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)	14	119	49,803	0	49,803	0 370 %
j **Total** Other Benefits	30	394	142,846	225	142,621	1 060 %
k **Total.** Add lines 7d and 7j	30	930	2,475,626	1,404,302	1,071,324	7 930 %

Part II Community Building Activities Complete this table if the organization conducted any community building activities.

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing	0	0	0	0	0	0 %
2	Economic development	1	0	5,024	0	5,024	0 040 %
3	Community support	3	0	2,232	0	2,232	0 020 %
4	Environmental improvements	0	0	0	0	0	0 %
5	Leadership development and training for community members	0	0	0	0	0	0 %
6	Coalition building	3	0	9,986	0	9,986	0 070 %
7	Community health improvement advocacy	3	0	3,235	0	3,235	0 020 %
8	Workforce development	0	0	0	0	0	0 %
9	Other	0	0	0	0	0	0 %
10	**Total**	10	0	20,477	0	20,477	0 150 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1	Yes		
2	Enter the amount of the organization's bad debt expense	2	51,207		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	0		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	5,207,086
6	Enter Medicare allowable costs of care relating to payments on line 5	6	5,222,506
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-15,420
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes		
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	Yes		

Part IV Management Companies and Joint Ventures (see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 1

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	LAKEWOOD HEALTH CENTER 600 MAIN AVENUE SOUTH BAUDETTE, MN 56623	X				X				

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: _____

Line Number of Hospital Facility (from Schedule H, Part V, Section A): _____

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those needs			
h ☐ The process for consulting with persons representing the community's interests			
i ☐ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in community-wide community benefit plan			
e ☐ Inclusion of a community benefit section in operational plans			
f ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8		
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9		
If "Yes," indicate the FPG family income limit for eligibility for free care __%			

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing discounted care?	10		
If "Yes," indicate the FPG family income limit for eligibility for discounted care __%			
If "No," explain in Part VI the criteria the hospital facility used			
11 Explained the basis for calculating amounts charged to patients?	11		
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☐ Income level			
b ☐ Asset level			
c ☐ Medical indigency			
d ☐ Insurance status			
e ☐ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Other (describe in Part VI)			
12 Explained the method for applying for financial assistance?	12		
13 Included measures to publicize the policy within the community served by the hospital facility?	13		
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☐ The policy was posted at all times on the hospital facility's web site			
b ☐ The policy was attached to all billing invoices			
c ☐ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☐ The policy was provided, in writing, to patients upon admission to the hospital facility			
f ☐ The policy was available upon request			
g ☐ Other (describe in Part VI)			

Billing and Collections

14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14		
15 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments or arrests			
e ☐ Other similar actions (describe in Part VI)			
16 DDid the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16		
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Part VI)			
17 Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
a ☐ Notified patients of the financial assistance policy upon admission			
b ☐ Notified patients of the financial assistance policy prior to discharge			
c ☐ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
d ☐ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**18**		
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**		
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?	**21**		
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size from largest to smallest)

How many non-hospital facilities did the organization operate during the tax year? _____

	Name and address	Type of Facility (Describe)
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
Eligibility criteria for free or discounted care	Schedule H, Part I, Line 3c	WHEN CATHOLIC HEALTH INITIATIVES (THE ULTIMATE PARENT ORGANIZATION TO LAKEWOOD HEALTH CENTER) ESTABLISHED ITS FINANCIAL ASSISTANCE POLICY IT WAS DETERMINED THAT ESTABLISHING A HOUSEHOLD INCOME SCALE BASED ON THE HUD VERY LOW INCOME GUIDELINES MORE ACCURATELY REFLECTS THE SOCIOECONOMIC DISPERSIONS AMONG THE 69 URBAN AND RURAL COMMUNITIES IN 19 STATES SERVED BY CHI HOSPITALS AND HEALTH CARE FACILITIES IN COMPARING HUD GUIDELINES TO THE FEDERAL POVERTY GUIDELINES ("FPG"), WE FIND THAT ON AVERAGE HUD GUIDELINES COMPUTE TO APPROXIMATELY 200% TO 250% (AND SOMETIMES 300%) OF FPG LAKEWOOD HEALTH CENTER BASES ITS FINANCIAL ASSISTANCE ELIGIBILITY ON HUD'S 130% OF VERY LOW INCOME GUIDELINES BASED ON GEOGRAPHY, AND AFFORDS THE UNINSURED AND UNDERINSURED THE ABILITY TO OBTAIN FINANCIAL ASSISTANCE WRITE-OFFS, BASED ON A SLIDING SCALE, RANGING FROM 25%-100% OF CHARGES AN INDIVIDUAL'S INCOME UNDER THE HUD GUIDELINES IS A SIGNIFICANT FACTOR IN DETERMINING ELIGIBILITY FOR FINANCIAL ASSISTANCE HOWEVER, IN DETERMINING WHETHER TO EXTEND DISCOUNTED OR FREE CARE TO A PATIENT, THE PATIENT'S ASSETS MAY ALSO BE TAKEN INTO CONSIDERATION FOR EXAMPLE, A PATIENT SUFFERING A CATASTROPHIC ILLNESS MAY HAVE A REASONABLE LEVEL OF INCOME, BUT A LOW LEVEL OF LIQUID ASSETS SUCH THAT THE PAYMENT OF MEDICAL BILLS WOULD BE SERIOUSLY DETRIMENTAL TO THE PATIENT'S BASIC FINANCIAL (AND ULTIMATELY PHYSICAL) WELL-BEING AND SURVIVAL SUCH A PATIENT MAY BE EXTENDED DISCOUNTED OR FREE CARE BASED UPON THE FACTS AND CIRCUMSTANCES

Identifier	ReturnReference	Explanation
Costing Methodology used to calculate financial assistance	Schedule H, Part I, Line 7	THE COST-TO-CHARGE RATIO FOR THE YEAR ENDED 6/30/12 WAS COMPUTED USING THE FOLLOWING FORMULA OPERATING EXPENSE (BEFORE RESTRUCTURING, IMPAIRMENT AND OTHER LOSSES) DIVIDED BY GROSS PATIENT REVENUE BASED ON THAT FORMULA, $13,561K /$14,517K RESULTS IN A 78% COST-TO-CHARGE RATIO WORKSHEET 2 WAS NOT USED TO DERIVE THE COST-TO-CHARGE RATIO

Identifier	ReturnReference	Explanation
Bad Debt Expense excluded from financial assistance calculation	Schedule H, Part I, Line 7, column(f)	51,207

Identifier	ReturnReference	Explanation
Subsidized Health Services	Schedule H, Part I, Line 7g	THERE ARE NO PHYSICIAN CLINICS INCLUDED IN SUBSIDIZED HEALTH SERVICES

Identifier	ReturnReference	Explanation
Bad debt expense - financial statement footnote	Schedule H, Part III, Line 4	THE AMOUNT REPORTED ON THE SCHEDULE H, PART III, LINES 2 AND 3 ARE THE SAME AMOUNTS REPORTED FOR BAD DEBT IN THE AUDITED FINANCIAL STATEMENTS PLEASE REFER TO THE FINANCIAL STATEMENT FOOTNOTE BELOW FOR INFORMATION REGARDING THE METHODOLOGY USED TO DETERMINE AND REPORT BAD DEBT EXPENSE LAKEWOOD HEALTH CENTER DOES NOT BELIEVE THAT ANY PORTION OF BAD DEBT EXPENSE COULD REASONABLY BE ATTRIBUTED TO PATIENTS WHO QUALIFY FOR FINANCIAL ASSISTANCE SINCE AMOUNTS DUE FROM THOSE INDIVIDUALS' ACCOUNTS WILL BE RECLASSIFIED FROM BAD DEBT EXPENSE TO CHARITY CARE WITHIN 30 DAYS FOLLOWING THE DATE THAT THE PATIENT IS DETERMINED TO QUALIFY FOR CHARITY CARE LAKEWOOD HEALTH CENTER DOES NOT ISSUE SEPARATE COMPANY AUDITED FINANCIAL STATEMENTS HOWEVER, THE ORGANIZATION IS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS OF CATHOLIC HEALTH INITIATIVES THE CONSOLIDATED FOOTNOTE READS AS FOLLOWS "THE PROVISION FOR BAD DEBTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS CONSIDERING HISTORICAL BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTH CARE COVERAGE, AND OTHER COLLECTION INDICATORS MANAGEMENT ROUTINELY ASSESSES THE ADEQUACY OF THE ALLOWANCES FOR UNCOLLECTIBLE ACCOUNTS BASED UPON HISTORICAL WRITE-OFF EXPERIENCE BY PAYOR CATEGORY THE RESULTS OF THESE REVIEWS ARE USED TO MODIFY, AS NECESSARY, THE PROVISION FOR BAD DEBTS AND TO ESTABLISH APPROPRIATE ALLOWANCES FOR UNCOLLECTIBLE NET PATIENT ACCOUNTS RECEIVABLE AFTER SATISFACTION OF AMOUNTS DUE FROM INSURANCE, CHI FOLLOWS ESTABLISHED GUIDELINES FOR PLACING CERTAIN PATIENT BALANCES WITH COLLECTION AGENCIES, SUBJECT TO THE TERMS OF CERTAIN RESTRICTIONS ON COLLECTION EFFORTS AS DETERMINED BY EACH FACILITY "

Identifier	ReturnReference	Explanation
Community benefit & methodology for determining medicare costs	Schedule H, Part III, Line 8	LAKEWOOD HEALTH CENTER IS DESIGNATED AS A CRITICAL ACCESS HOSPITAL ("CAH") CAHS ARE RURAL COMMUNITY HOSPITALS THAT ARE CERTIFIED TO RECEIVE COST-BASED REIMBURSEMENT FROM MEDICARE THE REIMBURSEMENT THAT CAHS RECEIVE IS INTENDED TO IMPROVE THEIR FINANCIAL PERFORMANCE AND THEREBY REDUCE HOSPITAL CLOSURES CAHS ARE CERTIFIED UNDER A DIFFERENT SET OF MEDICARE CONDITIONS OF PARTICIPATION (COP) SHORTFALLS ARE CREATED WHEN A FACILITY RECEIVES PAYMENTS THAT ARE LESS THAN THE COSTS OF CARING FOR PROGRAM BENEFICIARIES BECAUSE SHORTFALLS ARE BASED ON COSTS, NOT CHARGES, LAKEWOOD HEALTH CENTER, DUE TO DESIGNATION AS A CAH, RECEIVED COST-BASED REIMBURSEMENT FOR MEDICARE PURPOSES, LAKEWOOD HEALTH CENTER WILL NOT EXPERIENCE MEDICARE RELATED SHORTFALLS ALTHOUGH NOT PRESENTED ON THE MEDICARE COST REPORT, IN ORDER TO FACILITATE A MORE ACCURATE UNDERSTANDING OF THE "TRUE" COST OF SERVICES (FOR "SHORTFALL" PURPOSES) THE CHI WORKBOOK ALLOWS A HEALTH CARE FACILITY NOT TO OFFSET COSTS THAT MEDICARE CONSIDERS TO BE NON-ALLOWABLE, BUT FOR WHICH THE FACILITY CAN LEGITIMATELY ARGUE ARE RELATED TO THE CARE OF THE FACILITY'S PATIENTS IN ADDITION, ALTHOUGH NOT REPORTABLE ON THE MEDICARE COST REPORT, THE CHI WORKBOOK INCLUDES THE COST OF SERVICES THAT ARE PAID VIA A SET FEE-SCHEDULE RATHER THAN BEING REIMBURSED BASED ON COSTS (E G OUTPATIENT CLINICAL LABORATORY) FINALLY, THE CHI WORKBOOK ALLOWS A FACILITY TO INCLUDE OTHER HEALTH CARE SERVICES PERFORMED BY A SEPARATE FACILITY (SUCH AS A PHYSICIAN PRACTICE) THAT ARE MAINTAINED ON SEPARATE BOOKS AND RECORDS (AS OPPOSED TO THE MAIN FACILITY'S BOOKS AND RECORDS WHICH HAS ITS COSTS OF SERVICE INCLUDED WITHIN A COST REPORT) TRUE COSTS OF MEDICARE COMPUTED USING THIS METHODOLOGY TOTAL MEDICARE REVENUE $5,207,086 TOTAL MEDICARE COSTS $5,222,506 SURPLUS OR SHORTFALL $(15,420)

Identifier	ReturnReference	Explanation
Collection practices for patients eligible for financial assistance	Schedule H, Part III, Line 9b	LAKEWOOD HEALTH CENTER, ALONG WITH ITS AFFILIATED OUTPATIENT FACILITIES ARE PART OF CATHOL IC HEALTH INITIATIVES "CHI" CHI HAS A WRITTEN POLICY (STEWARDSHIP POLICY NO 16) GOVERNIN G THE PROCEDURES FOR COLLECTIONS OF PAST DUE ACCOUNTS ALL HOSPITAL FACILITIES INCLUDED IN THE FILING ORGANIZATION HAVE ADOPTED THIS POLICY AND FOLLOW THESE PRACTICES WITH REGARDS TO COLLECTIONS PROCEDURES CHI ENTITIES WILL FOLLOW STANDARD PROCEDURES IN COLLECTING SELF -PAY BALANCES AS FOLLOWS PERMISSIBLE COLLECTIONS ACTIVITY EACH FACILITY MUST ADHERE TO TH E FOLLOWING REQUIREMENTS IN RELATION TO THE PURSUIT OF SELF-PAY BALANCES * FAIR PURSUIT EACH FACILITY SHALL ENSURE THAT ALL PATIENT AND PATIENT GUARANTOR ACCOUNTS ARE PURSUED FAI RLY * ETHICS AND INTEGRITY EACH FACILITY SHALL ENSURE THAT ALL COLLECTION ACTIVITIES CON SISTENTLY REFLECT THE HIGHEST STANDARDS OF ETHICS AND INTEGRITY * REASONABLE PAYMENT TERM S EACH FACILITY SHALL OFFER REASONABLE PAYMENT SCHEDULES AND TERMS TO EACH PATIENT AND PA TIENT GUARANTOR WITH SELF-PAY BALANCES ALL COLLECTION ACTIVITIES CONDUCTED BY THE FACILIT Y OR ITS THIRD-PARTY COLLECTION AGENTS WILL BE IN CONFORMANCE WITH ALL FEDERAL AND STATE L AWS GOVERNING DEBT COLLECTION PRACTICES COLLECTION ACTIVITY MAY BE IN THE FORM OF LETTERS , EMAILS, PHONE CALLS, AND/OR CREDIT REPORTING AND MAY ALSO INCLUDE WAGE GARNISHMENTS, PLA CING OF LIENS ON BUILDINGS OR RESIDENCES OTHER THAN PERSONAL RESIDENCES, INITIATION OF LAW SUIT, AND/OR OTHER ACTIONS AS REQUIRED, EXCEPT AS PROHIBITED BY IMPERMISSIBLE COLLECTIONS ACTIONS BELOW PRE-COLLECTIONS ACTIVITY * TIMING GENERALLY, ACCOUNTS WILL NOT BE REFERRED TO COLLECTIONS UNTIL THEY ARE 120 DAYS OLD HOWEVER, IN CIRCUMSTANCES WHERE INVOICES TO N ON-MEDICARE PATIENTS ARE RETURNED UNDELIVERED WITH NO KNOWN ADDRESS, THOSE SELF-PAY BALANC ES MAY BE REFERRED TO COLLECTIONS PRIOR TO EXPIRATION OF 120 DAYS * LIMITATIONS - FINANCI AL ASSISTANCE ELIGIBILITY THE FACILITY SHALL PERFORM A REASONABLE REVIEW OF EACH PATIENT ACCOUNT PRIOR TO TURNING AN ACCOUNT OVER TO A THIRD-PARTY COLLECTION AGENT AND PRIOR TO IN STITUTING ANY LEGAL ACTION FOR NON-PAYMENT (INCLUDING, BUT NOT LIMITED TO, REPORTING THE A CCOUNT TO A COLLECTION AGENCY) TO ENSURE THAT THE PATIENT AND PATIENT GUARANTOR ARE NOT EL IGIBLE FOR ANY ASSISTANCE PROGRAM (E G , MEDICAID) AND DO NOT QUALIFY FOR COVERAGE THROUGH THE FACILITY'S FINANCIAL ASSISTANCE POLICY THAT REASONABLE REVIEW WILL INCLUDE ONE OR MO RE OF THE FOLLOWING A NOTIFICATION TO PATIENT OF THE AVAILABILITY OF FINANCIAL ASSISTANC E ON ADMISSION, PRIOR TO DISCHARGE, AND/OR IN THE BILLING PROCESS, B REVIEW OF FINANCIAL ASSISTANCE APPLICATION SUBMITTED BY OR ON BEHALF OF THE PATIENT, OR C REVIEW OF THE PATIE NT'S ELIGIBILITY USING PATIENT ACCOUNT STATISTICAL SCORING SOFTWARE * COOPERATING EFFORTS NO FACILITY SHALL SEND ANY UNPAID SELF-PAY ACCOUNT TO A THIRD-PARTY COLLECTION AGENT AS LONG AS THE PATIENT AND PATIENT GUARANTOR ARE COOPERATING WITH THE FACILITY IN EFFORTS TO SETTLE THE ACCOUNT BALANCE WITHIN A REASONABLE TIME FRAME (GENERALLY 18 MONTHS) * SUBSEQU ENT ASSESSMENT AFTER HAVING BEEN TURNED OVER TO A THIRD-PARTY COLLECTION AGENT, ANY ACCOU NT THAT SUBSEQUENTLY IS DETERMINED TO QUALIFY FOR FINANCIAL ASSISTANCE SHALL BE RETURNED I MMEDIATELY BY THE THIRD-PARTY COLLECTION AGENT TO THE FACILITY FOR APPROPRIATE FOLLOW-UP CHI SHALL DIRECT ITS STAFF AND THIRD-PARTY COLLECTION AGENTS TO CONTINUALLY ASSESS EACH PA TIENT AND PATIENT GUARANTOR'S ABILITY TO PAY OR TO BE DETERMINED ELIGIBLE FOR FINANCIAL AS SISTANCE COLLECTIONS THE FACILITY MAY USE A THIRD-PARTY COLLECTION AGENT AS A REPRESENTAT IVE, ACTING IN THE NAME OF THE FACILITY AND ENGAGED ON A CONTRACTUAL BASIS, FOR THE EXPRES S PURPOSES OF FOLLOWING-UP ON AND POTENTIALLY COLLECTING ANY PATIENT ACCOUNTS RECEIVABLE B ALANCES THE FACILITY SHALL CONTRACTUALLY DEFINE THE STANDARDS AND SCOPE OF PRACTICES TO B E USED BY THIRD-PARTY COLLECTION AGENTS THOSE STANDARDS AND SCOPE OF PRACTICES SHALL BE C ONSISTENT WITH THIS POLICY AND SHALL, AT A MINIMUM, INCLUDE THE FOLLOWING * STATEMENT MES SAGE THE FACILITY SHALL REQUIRE ITS THIRD-PARTY COLLECTION AGENTS TO INCLUDE A MESSAGE ON ALL STATEMENTS INDICATING THAT IF A PATIENT OR PATIENT GUARANTOR MEETS CERTAIN STIPULATED INCOME REQUIREMENTS, THE PATIENT OR PATIENT GUARANTOR MAY BE ELIGIBLE FOR FACILITY OR OTH ER FINANCIAL ASSISTANCE PROGRAMS * ADVANCE SETTLEMENT APPROVALS THE FACILITY SHALL INSTR UCT ITS THIRD-PARTY COLLECTION AGENTS TO SEEK APPROVAL FROM THE AUTHORIZED AND DESIGNATED FACILITY STAFF MEMBER BEFORE ANY SETTLEMENT, AS A RESULT OF BANKRUPTCY PROCEEDINGS, SHALL BE ACCEPTED * STANDARDS OF CONDUCT THE FACILITY SHALL REQUIRE THAT THE THIRD-PARTY COLLE CTION AGENTS CONDUCT THEMSELVES IN COMPLIANCE WITH THE HIGHEST STANDARDS OF BUSINESS ETHIC S AND INTEGRITY AND APPLICABLE LEGAL REQUIREMENTS, AS REFLECTED IN THE CHI STANDARDS OF CO NDUCT, AS MAY BE AMENDED BY CHI, AVAILABLE AT THE FOLLOWING WEBSITE HTTP //WWW CATHOLICHE ALTHINITIATIVES ORG/CORPORATERESPONSIBILITY * PRO

Identifier	ReturnReference	Explanation
Collection practices for patients eligible for financial assistance	Schedule H, Part III, Line 9b	HIBITED COLLECTIONS ACTIONS THE FACILITY SHALL PROHIBIT THE THIRD-PARTY COLLECTION AGENTS FROM ENGAGING IN PROHIBITED COLLECTIONS ACTIONS AS DEFINED IN IMPERMISSIBLE COLLECTIONS A CTIONS BELOW * ANNUAL ADHERENCE AUDIT THE FACILITY OR ITS DESIGNEE SHALL BE PERMITTED TO AUDIT ITS THIRD-PARTY COLLECTION AGENTS AT LEAST ANNUALLY FOR ADHERENCE TO THESE STANDARD S IMPERMISSIBLE COLLECTIONS ACTIONS CHI ENTITIES SHALL DIRECT THEIR STAFF AND THIRD-PARTY COLLECTION AGENTS THAT THE FOLLOWING ACTIONS ARE ALWAYS PROHIBITED IN RELATION TO THE PUR SUIT OF SELF-PAY BALANCES * UNEMPLOYED WITHOUT SIGNIFICANT INCOME/ASSETS NO FACILITY SHA LL PURSUE ANY LEGAL ACTION FOR NON-PAYMENT OF ANY BILLS AGAINST ANY PATIENT OR PATIENT GUA RANTOR WHO IS KNOWN TO BE UNEMPLOYED AND WHO HAS BEEN DETERMINED IN ACCORDANCE WITH CHI ST EWARDSHIP POLICY NO 15, HOSPITAL FINANCIAL ASSISTANCE, ON THE BASIS OF A COMPLETED FINANC IAL ASSISTANCE APPLICATION, TO BE WITHOUT SIGNIFICANT INCOME OR ASSETS * PRINCIPAL RESIDE NCE NO FACILITY SHALL PURSUE ANY LEGAL ACTION AGAINST ANY PATIENT OR PATIENT GUARANTOR BY SEEKING A REMEDY THAT WOULD INVOLVE FORECLOSING UPON THE PRINCIPLE RESIDENCE OF A PATIENT OR PATIENT GUARANTOR, PLACING A LIEN ON THE PRINCIPAL RESIDENCE, TAKING ANY OTHER ACTION THAT COULD RESULT IN THE INVOLUNTARY SALE OR TRANSFER OF SUCH RESIDENCE, OR INFORMING ANY PATIENT OR PATIENT GUARANTOR THAT HE/SHE MAY BE SUBJECT TO ANY SUCH ACTION * OTHER IMPERM ISSIBLE COLLECTION TACTICS A NO FACILITY SHALL CHARGE INTEREST ON OUTSTANDING BALANCES, B NO FACILITY SHALL REQUIRE PATIENTS OR PATIENT GUARANTORS TO INCUR DEBT OR LOANS WITH RE COURSE TO THE PATIENT'S OR GUARANTOR'S PERSONAL OR REAL PROPERTY ASSETS ("RECOURSE INDEBTE DNESS"), AND C NO FACILITY SHALL INVOKE SO-CALLED "BODY ATTACHMENTS" (I E , THE ARREST OR JAILING OF PATIENTS IN DEFAULT ON THEIR ACCOUNTS, SUCH AS FOR MISSED COURT APPEARANCES) IN ADDITION TO THE WRITTEN POLICY ALL OF CATHOLIC HEALTH INITIATIVES' HOSPITALS' CONTRACTS WITH THIRD PARTY COLLECTION AGENCIES INCLUDE THE FOLLOWING STANDARDS * NEITHER CHI HOSPI TALS NOR THEIR COLLECTION AGENCIES WILL REQUEST BENCH OR ARREST WARRANTS AS A RESULT OF NO N-PAYMENT, * NEITHER CHI HOSPITALS NOR THEIR COLLECTION AGENCIES WILL SEEK LIENS THAT WOUL D REQUIRE THE SALE OR FORECLOSURE OF A PRIMARY RESIDENCE, AND * NO CATHOLIC HEALTH INITIAT IVES' COLLECTION AGENCY MAY SEEK COURT ACTION WITHOUT HOSPITAL APPROVAL FINALLY, COLLECTI ON AGENCIES ARE TRAINED ON THE CATHOLIC HEALTH INITIATIVES MISSION, CORE VALUES AND STANDA RD OF CONDUCT TO MAKE SURE ALL PATIENTS ARE TREATED WITH DIGNITY AND RESPECT

Identifier	ReturnReference	Explanation
Used federal poverty guidelines (FPG) to determine eligibility	Schedule H, Part V Section B, Line 9	(1) LAKEWOOD HEALTH CENTER - HUD LOW INCOME GUIDELINES USED,

Identifier	ReturnReference	Explanation
Used FPG to determine eligibility for providing discounted care criteria	Schedule H, Part V Section B, Line 10	(1) LAKEWOOD HEALTH CENTER - HUD LOW INCOME GUIDELINES USED,

Identifier	ReturnReference	Explanation
LINES 2, 3, & 5 NEEDS ASSESSMENT AND COMMUNITY INFORMATION	SCHEDULE H, PART VI	INTRODUCTION I THE MISSION OF LAKEWOOD HEALTH CENTER AND CATHOLIC HEALTH INITIATIVES IS TO NURTURE THE HEALING MINISTRY OF THE CHURCH BY BRINGING IT NEW LIFE, ENERGY AND VIABILIT Y IN THE 21ST CENTURY FIDELITY TO THE GOSPEL URGES US TO EMPHASIZE HUMAN DIGNITY AND SOCI AL JUSTICE AS WE MOVE TOWARD THE CREATION OF HEALTHIER COMMUNITIES THE VISION OF LAKEWOOD HEALTH CENTER AND CATHOLIC HEALTH INITIATIVES' IS TO LIVE UP TO OUR NAME AS ONE CHI CATH OLIC LIVING OUR MISSION AND CORE VALUES HEALTH IMPROVING THE HEALTH OF THE PEOPLE AND CO MMUNITIES WE SERVE INITIATIVES PIONEERING MODELS AND SYSTEMS OF CARE TO ENHANCE CARE DELI VERY LAKEWOOD HEALTH CENTER IN BAUDETTE, MINNESOTA, IS A CATHOLIC, NOT-FOR-PROFIT CARE ORG ANIZATION, AND SPONSORED BY CATHOLIC HEALTH INITIATIVES, ONE OF THE LARGEST CATHOLIC, NOT- FOR-PROFIT HEALTH CARE SYSTEMS IN AMERICA LAKEWOOD HEALTH CENTER IS DEDICATED TO THE HEAL TH AND WELL-BEING OF THE COMMUNITY AND TO PROVIDING QUALITY, HOLISTIC HEALTH CARE SERVICES AND FACILITIES FOR THE RESIDENTS OF BAUDETTE, LAKE OF THE WOODS COUNTY AND SURROUNDING CO MMUNITIES OF THE LAKE OF THE WOODS REGION LAKEWOOD HEALTH CENTER IS LOCATED IN A RURAL AN D ISOLATED AREA OF NORTHERN MINNESOTA SERVING LAKE OF THE WOODS COUNTY AND SURROUNDING COU NTIES OF ROSEAU, KOOCHICHING, BELTRAMI AND OCCASIONALLY RESIDENTS OF CANADA LAKEWOOD HEAL TH CENTER IS A FEDERALLY DESIGNATED, 15-BED CRITICAL ACCESS HOSPITAL LAKEWOOD HEALTH CENT ER OFFERS A CONTINUUM OF CARE INCLUDING LONG TERM CARE, ASSISTED RESIDENTIAL COMMUNITY (BO ARD AND LODGING WITH SERVICES) HOSPITAL CARE, AND SERVICES TO INCLUDE CLINIC OFFICE VISITS LAKEWOOD HEALTH CENTER CLOSED OB SERVICES IN SEPTEMBER 2009 THE CLINIC IS STAFFED WITH THREE FAMILY PRACTICE PHYSICIANS AND ONE FAMILY PRACTICE NURSE PRACTITIONER LAKEWOOD NURS ING SERVICE, WHICH INCLUDED HOME CARE, HOSPICE, PUBLIC HEALTH AND SCHOOL NURSING, FORMED A NEW DIVISION WITHIN CATHOLIC HEALTH INITIATIVES AND THESE SERVICES TRANSFERRED OUT OF LAK EWOOD HEALTH CENTER OPERATIONS IN DECEMBER OF 2010 LAKEWOOD HEALTH CENTER SERVES ALL PERS ONS IN THE COMMUNITY ON A NONDISCRIMINATORY BASIS, PARTICIPATES IN MEDICAID AND MEDICARE P ROGRAMS, AND HAS AN ACTIVE CHARITY CARE PROGRAM THE EMERGENCY ROOM IS AVAILABLE 24 HOURS A DAY, 365 DAYS PER YEAR, AND IS OPEN TO ALL PERSONS REGARDLESS OF ABILITY TO PAY LAKEWOO D COLLABORATED WITH RAINY RIVER COMMUNITY COLLEGE TO BRING THE PRACTICAL NURSING PROGRAM T O BAUDETTE FOR ANOTHER COHORT OF STUDENTS THAT BEGAN IN THE FALL OF 2011 WITH PLANS TO COM PLETE FORMAL COURSE WORK IN THE SPRING OF 2013 LAKEWOOD HEALTH CENTER PROVIDES CLASSROOM SPACE, ITV EQUIPMENT, CLINICAL EXPERIENCE AND CLINICAL INSTRUCTORS FOR THE NURSING PROGRAM S THE GOAL IS TO MAKE NURSING EDUCATION ACCESSIBLE AND TO ADDRESS POTENTIAL NURSING SHORT AGE ISSUES IN THIS AGING COMMUNITY LAKEWOOD HEALTH CENTER HAS A GOVERNING BODY (BOARD OF DIRECTORS) OF INDEPENDENT PERSONS REPRESENTATIVE OF THE COMMUNITY COMPRISING THE MAJORITY ALONG WITH THREE BOARD MEMBERS FROM WITHIN THE ORGANIZATION HISTORY LAKEWOOD HEALTH CENTE R OPENED IN MARCH 1950 AS BAUDETTE COMMUNITY HOSPITAL IT WAS OWNED BY THE COMMUNITY AND O PERATED BY THE SISTERS OF ST JOSEPH OUT OF CROOKSTON THE HOSPITAL WAS LEASED TO THE SIST ERS OF ST JOSEPH IN 1954 AND IN 1957 THE SISTERS PURCHASED THE HOSPITAL AND CHANGED THE N AME TO "TRINITY HOSPITAL" IN 1982, THE SISTERS ENTERED INTO A MANAGEMENT CONTRACT WITH UN ITED HEALTH RESOURCES OF GRAND FORKS, NORTH DAKOTA UNTIL THEY SOLD THE HOSPITAL TO FRANCIS CAN SISTERS HEALTH CARE, INCORPORATED IN 1985 DURING THIS TIME, TRINITY HOSPITAL TOOK OVE R MANAGEMENT OF THE PIONEER NURSING HOME, THE LONG-TERM TERM CARE FACILITY LOCATED ONE MIL E EAST OF THE HOSPITAL IN 1986, THE HOSPITAL ACQUIRED THE COUNTY-OWNED PUBLIC HEALTH SERV ICE TRINITY HOSPITAL BOUGHT THE PIONEER NURSING HOME IN 1990 AND THE NAME WAS CHANGED TO "LAKEWOOD HEALTH CENTER" TO REFLECT THE COMING TOGETHER OF ACUTE CARE, LONG-TERM CARE (LAK EWOOD CARE CENTER), AND HOME HEALTH/PUBLIC HEALTH (LAKEWOOD NURSING SERVICE) UNDER ONE UMB RELLA CATHOLIC HEALTH CORPORATION OF OMAHA, NEBRASKA TOOK OVER SPONSORSHIP OF LAKEWOOD HE ALTH CENTER IN 1993 TWO YEARS LATER THEY MERGED WITH TWO OTHER LARGE CATHOLIC HEALTH CARE SYSTEMS TO FORM CATHOLIC HEALTH INITIATIVES (CHI), OUR CURRENT SPONSOR, BASED IN DENVER, COLORADO LAKEWOOD HEALTH CENTER COMPLETED A BUILDING AND RENOVATION PROJECT IN 2000 THAT RESULTED IN ALL HEALTH CARE SERVICES BEING AVAILABLE ON ONE CAMPUS LAKEWOOD NURSING SERVI CE TRANSFERRED TO CATHOLIC HEALTH INITIATIVES HEALTH CONNECT AT HOME THE OPERATION MOVED OFF SITE IN JUNE 2010 AND THE FINANCIAL OPERATIONS WERE SEPARATED IN DECEMBER OF 2010 CAT HOLIC HEALTH INITIATIVES AT HOME DISCONTINUED HOME HEALTH SERVICES IN LAKE OF THE WOODS CO UNTY AND PUBLIC HEALTH, SCHOOL NURSING, PARKER'S ARC TRANSFERRED BACK TO LAKEWOOD HEALTH C ENTER BY JULY OF 2012 LAKEWOOD HEALTH CENTER IS THE ONLY HOSPITAL, CLINIC AND LICENSED LO NG TERM CARE PROVIDER IN LAKE OF THE WOODS COUNTY

Identifier	ReturnReference	Explanation
LINES 2, 3, & 5 NEEDS ASSESSMENT AND COMMUNITY INFORMATION	SCHEDULE H, PART VI	LAKEWOOD HEALTH CENTER IS COMMITTED TO THE PROMOTION OF HEALTHIER COMMUNITIES LAKEWOOD H EALTH CENTER IS PROUD OF ITS CATHOLIC HERITAGE AND ITS ABILITY TO PROVIDE DIRECT AND INDIR ECT SUPPORT TO THE COMMUNITIES IT SERVES LAKEWOOD HEALTH CENTER IS INCLUDED IN THE OFFICI AL CATHOLIC DIRECTORY AS A TAX-EXEMPT HOSPITAL

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LINES 2, 3, & 5 NEEDS ASSESSMENT AND COMMUNITY INFORMATION	SCHEDULE H, PART VI	(CONTINUED) COMMUNITY BENEFIT APPROACH LAKEWOOD HEALTH CENTER IS LOCATED IN BAUDETTE, MINN ESOTA, A RURAL AND ISOLATED AREA OF NORTHERN MINNESOTA, SERVING LAKE OF THE WOODS COUNTY A ND SURROUNDING COUNTIES OF ROSEAU, KOOCHICHING, BELTRAMI AND ON OCCASION RESIDENTS OF CANA DA ACCORDING TO THE 2010 US CENSUS BUREAU, THE CITY OF BAUDETTE POPULATION IS 1,106 AND L AKE OF THE WOODS COUNTY CENSUS IS 4,045 THIS REPRESENTS A DECLINE OF 10 5% IN POPULATION IN THE COUNTY SINCE THE YEAR 2000 THE DECLINE IN POPULATION IS THOUGHT TO BE RELATED TO T HE ECONOMIC DOWNTURN AND LOSS OF YOUNG FAMILIES FROM THE AREA PERSONS 65 YEARS AND OVER M AKE UP 20 3 % OF LAKE OF THE WOODS COUNTY POPULATION AND THE MEDIAN AGE IS 48 7 THE MEDIA N HOUSEHOLD INCOME IS $40,118 AND 11 7% OF PERSONS IN LAKE OF THE WOODS COUNTY ARE BELOW P OVERTY LEVEL THE UNEMPLOYMENT RATE FOR LAKE OF THE WOODS COUNTY IS RECORDED AT 5 5% IN AP RIL OF 2010 THERE ARE 3 3 PERSONS PER SQUARE MILE IN LAKE OF THE WOODS COUNTY LAKEWOOD H EALTH CENTER IS THE LARGEST EMPLOYER IN THE COUNTY WITH AN ECONOMIC IMPACT OF ABOUT 18 3 M ILLION DOLLARS ACCORDING TO A STUDY DONE IN 2005 BY MINNESOTA RURAL HEALTH RESOURCE CENTER THE MISSION LEADER AND CHIEF FINANCIAL OFFICER GATHER AND TRACK THE COMMUNITY BENEFIT DA TA THE BOARD OF DIRECTORS AND SENIOR LEADERSHIP TEAM ALONG WITH DEPARTMENT HEADS COLLABOR ATE THROUGHOUT THE YEAR ON HOW TO MAKE A DIFFERENCE IN THE COMMUNITY WE SERVE AND ARE A PA RT OF A COST TO CHARGE RATIO IS USED DETERMINED BY A WORKSHEET PROVIDED BY CATHOLIC HEALT H INITIATIVES, DENVER, COLORADO COMMUNITY FOCUS GROUPS WERE HELD IN APRIL TO JULY OF 2009 TO ASSESS THE NEEDS OF THE COMMUNITY AT THIS FORUM, NEEDS IDENTIFIED WERE WELLNESS EDUCA TION, A VARIETY OF SUPPORT GROUP NEEDS, NUTRITION WITH A FOCUS ON PLANS TO ASSIST WITH PLA NNED WEIGHT LOSS, IMPROVED DENTAL CARE, NEED FOR MORE PUBLIC TRANSPORTATION, AND IDENTIFIE D LIMITED ACCESS TO PSYCHIATRY, PODIATRY, OPHTHALMOLOGY, AUDIOLOGY, AND OBTAINING DIALYSIS SERVICES CLOSER TO HOME THE COMMUNITY IS INTERESTED IN HOW TECHNOLOGY CAN BE UTILIZED IN THIS AREA AS ADVANCES ARE MADE IN TELEMEDICINE COMMUNITY FORUMS ARE HELD WITH THE COMMUN ITY EVERY THREE TO FIVE YEARS TO REVIEW PROGRESS ON COMMUNITY GOALS, ASSESS CURRENT NEEDS AND UPDATE ACTION PLANS A COMMUNITY FORUM IS SCHEDULED FOR SEPTEMBER OF 2012 AS PART OF T HE COMMUNITY HEALTH NEEDS ASSESSMENT A COMMUNITY FORUM WAS HELD IN JANUARY 2010 TO OBTAIN THE COMMUNITY'S PERCEPTION OF VIOLENCE ISSUES IN LAKE OF THE WOODS COUNTY A COALITION FO R VIOLENCE PREVENTION WAS FORMED IN 2010 TO IDENTIFY A PRIORITY FOCUS AND DEVELOP AN ACTIO N PLAN TO PREVENT AT LEAST ONE FORM OF VIOLENCE IN LAKE OF THE WOODS COUNTY VIOLENCE WITH IN OUR COMMUNITY WAS IDENTIFIED WITHIN THE FOCUS GROUPS AS AN OUTCOME FROM OTHER "ABUSES" - ALCOHOL OR SUBSTANCE ABUSE WERE NOTED AS A COMMON FACTOR FOR MUCH OF THE DOMESTIC ABUSE/ VIOLENCE THAT OCCURS WITHIN THE COMMUNITY BULLYING WAS BROUGHT FORWARD WITHIN THE GROUPS AS A TOPIC OF CONCERN FOR SCHOOL-AGE CHILDREN LAKEWOOD HEALTH CENTER HAS BEEN INVOLVED IN COMMUNITY HEALTH COLLABORATION AND HAS A HISTORY OF SPONSORING COMMUNITY FORUMS TO LOOK A T AREA HEALTH ISSUES, SET PRIORITIES AND PLANS FOR IMPROVEMENT LAKEWOOD HEALTH CENTER CON TINUES A DEEP COMMITMENT AND INVOLVEMENT IN THE COMMUNITY HEALTH ACTIVITIES LAKEWOOD HEAL TH CENTER STRIVES TO HAVE COMMUNITY BENEFIT A VISIBLE PART OF WHO WE ARE AND PROVIDES AN A NNUAL REPORT FOR OUR COMMUNITY IN ONE OF OUR NEWSLETTERS PUBLISHED 4 - 6 TIMES PER YEAR C OLLABORATING AND COOPERATING WITH OUR COMMUNITY IS "A WAY OF LIFE" AND PART OF THE CULTURE FOR LAKEWOOD HEALTH CENTER AND ITS EMPLOYEES WE ARE THANKFUL TO HAVE THE RESOURCES OF TI ME, TALENT AND OTHER GIFTS TO SHARE FOR THE GOOD OF OUR COMMUNITY QUALITATIVE DESCRIPTION OF COMMUNITY BENEFIT COMMUNITY OUTREACH FOR THE POOR LAKE WOOD HEALTH CENTER PROVIDES TRA DITIONAL CHARITY CARE, AN INTERNAL PROGRAM FOR THE MEDICALLY NEEDY THAT ASSISTS PATIENTS, RESIDENTS OR CLIENTS FINANCIALLY BY FORGIVING OR REDUCING THEIR MEDICAL DEBT AT LAKEWOOD H EALTH CENTER THE BILLING/INSURANCE OFFICE OR THE SOCIAL WORKER IDENTIFIES THOSE INDIVIDUA LS OR FAMILIES WITHOUT INSURANCE COVERAGE OR THOSE THAT ARE UNDERINSURED AND PROVIDE APPLI CATION ASSISTANCE FOR THIS PROGRAM TOTAL EXPENSE FOR THIS PROGRAM IS $171,243 WITH 536 PE RSONS SERVED UNPAID COST OF MEDICAID IS $757,460 FOR FISCAL YEAR ENDING JUNE 30, 2012 CO MMUNITY OUTREACH FOR THE BROADER COMMUNITY * LAKEWOOD HEALTH CENTER SPONSORS AND PROVIDES SUPPORT FOR DEVELOPMENT AND MAINTAINING AN ALZHEIMER'S SUPPORT GROUP IN LAKE OF THE WOODS COUNTY AND SURROUNDING AREA A NEED WAS IDENTIFIED DURING THE 2009 COMMUNITY ASSESSMENT AN D THROUGH LAKEWOOD CARE CENTER FAMILY COUNCIL MEMBERS VOLUNTEERS HAVE COME FORWARD TO LEA D THE SUPPORT GROUP AND MONTHLY MEETINGS HAVE BEEN ESTABLISHED THE MEETINGS ARE HELD AT L AKEWOOD AND REFRESHMENTS ARE PROVIDED BY LAKEWOOD DIETARY DEPARTMENT AN ALZHEIMER'S ASSOC IATION SUPPORT GROUP IS A SAFE PLACE TO LEARN, OFF

Identifier	ReturnReference	Explanation
LINES 2, 3, & 5 NEEDS ASSESSMENT AND COMMUNITY INFORMATION	SCHEDULE H, PART VI	ER AND RECEIVE HELPFUL TIPS, AND MEET OTHERS COPING WITH ALZHEIMER'S DISEASE OR ANOTHER DE MENTIA THE ATMOSPHERE OF AN ALZHEIMER'S ASSOCIATION SUPPORT GROUP IS ONE OF SHARING AND C ARING FRIENDSHIP THE ENVIRONMENT IS A CONFIDENTIAL AND NON-JUDGMENTAL PLACE TO SHARE IDEA S, FRUSTRATIONS, ANGER AND JOY MEMBERS RECEIVE POSITIVE REINFORCEMENT * LAKEWOOD PARTNER ED WITH THE LAKE OF THE WOODS SCHOOL TO SCREEN ALL FALL, WINTER AND SPRING SPORTS ATHLETES THIS INCLUDED NEARLY 170 STUDENTS RANGING IN AGE FROM 10 TO 18 THE PROGRAM ALSO EXTENDE D TO THE COMMUNITY'S YOUTH HOCKEY PROGRAM THE SCREENING INVOLVES A 10-MINUTE BASELINE TES T ON EACH ATHLETE LOOKING FOR ANY PHYSICAL OR COGNITIVE SIGNS OF PREVIOUS CONCUSSION THE ATHLETE'S NORMAL PHYSICAL AND COGNITIVE ABILITIES ARE DOCUMENTED, SHARED WITH THE COACH AN D KEPT WITH THE STUDENT'S MEDICAL RECORD MINNESOTA STATE HIGH SCHOOL LEAGUE ADOPTED NEW R ULES ABOUT WHAT STEPS SHOULD BE TAKEN BEFORE AN ATHLETE WITH A HEAD INJURY CAN RETURN TO P LAY OR PRACTICE AND THIS PROGRAM IS ASSISTING THE ATHLETIC PROGRAMS TO MAINTAIN COMPLIANCE AND SAFETY FOR YOUNG ATHLETES * LAKEWOOD'S DIETITIAN PROVIDES A WEEKLY COLUMN FOR FIVE N EWSPAPERS IN NW MINNESOTA THESE ARTICLES COVER VARIOUS TOPICS OF NUTRITION AS WELL AS FOO D SAFETY THE DIETITIAN IS ALSO OPEN TO PROVIDING EDUCATION/OUTREACH FOR GROUPS WHO REQUES T A PRESENTATION AND HE HAS DONE OUTREACH FOR TWO OF THE PUBLIC SCHOOLS IN THE AREA * LAK EWOOD HEALTH CENTER IN CONJUNCTION WITH LAKEWOOD HEALTH CENTER CLINIC DEVELOPED THE DIABET ES RESOURCE CENTER TO BRING AWARENESS OF THE CHRONIC DISEASE TO THE PUBLIC AND PROVIDE EDU CATION FOR PEOPLE WITH DIABETES TO HELP THEM UNDERSTAND AND MANAGE THEIR DISEASE THE PROG RAM IS OFFERED IN CLASS SESSIONS AND ENCOURAGES SELF-MANAGEMENT AND LONG-TERM HEALTH MAINT ENANCE LAKEWOOD HEALTH CENTER PROVIDES A DIETITIAN CONSULT FOR THE PROGRAM THE DIABETES RESOURCE CENTER STAFF IS AVAILABLE TO MEET WITH INDIVIDUALS TO ASSIST THEM WITH MANAGING T HEIR DIABETES THE DIABETIC RESOURCE CENTER IS STAFFED OUT OF THE CARDIO-PULMONARY REHAB D EPARTMENT THE DIABETES RESOURCE CENTER OFFERED "I CAN PREVENT DIABETES!--INDIVIDUALS AND COMMUNITIES ACTING NOW TO PREVENT DIABETES" A 16 WEEK PROGRAM (CLASSES STARTED NOVEMBER 20 09 AND CONTINUE) OFFERED TO THOSE WHO MEET SCREENING CRITERIA THE "I CAN PREVENT DIABETES !" PROGRAM HAS BEEN ADAPTED FROM THE DIABETES PREVENTION PROGRAM (DPP) THE DPP IS AN EVID ENCED-BASED LIFESTYLE CHANGE PROGRAM FOCUSED ON DIET AND EXERCISE THE ORIGINAL DPP SHOWED A 60% REDUCTION IN RISK FOR DIABETES WHEN PARTICIPANTS MADE LIFESTYLE CHANGES RELATED TO FOOD CHOICES AND EXERCISE * LAKEWOOD HEALTH CENTER PROVIDED THE AMERICAN LUNG ASSOCIATION - "FREEDOM FROM SMOKING" PROGRAM FOR THE COMMUNITY THIS PROGRAM WAS PROVIDED AS OUTREACH FROM THE CARDIO-PULMONARY REHAB DEPARTMENT TWO RNS ATTENDED FACILITATOR TRAINING IN MAY 2011 AND OFFERED THE PROGRAM IN THE FALL OF 2011 AND JANUARY OF 2012 THE PROGRAM WAS PROM OTED AT HEALTH FAIRS AND THROUGH THE CARDIAC REHAB PROGRAM * MINNESOTA HEALTH CARE PROGRA MS OUTREACH EFFORTS ENHANCED THROUGH MINNESOTA COMMUNITY APPLICATION AGENT (MNCAA) PROGRAM LEVEL I ORGANIZATIONS ARE REFERRED TO AS A MINNESOTA COMMUNITY APPLICATION AGENT (MNCAA) MNCAA CONTRACTS WITH DHS TO SERVE AS AN APPLICATION SITE FOR THOSE NEEDING ASSISTANCE WI TH THE MINNESOTA HEALTH CARE PROGRAMS APPLICATION (HCAPP) EMPLOYEES FROM LAKEWOOD PARTICI PATED IN THIS TRAINING LEVEL I SITES ARE CONTRACTED TO * IDENTIFY THE POTENTIAL HEALTH C ARE ENROLLEES * ASSIST POTENTIALLY ELIGIBLE ENROLLEES WITH THE HCAPP * ASSIST APPLICANTS W ITH OBTAINING DOCUMENTATION NEEDED TO DETERMINE HEALTH CARE ELIGIBILITY * OFFER USE OF FAX AND COPY SERVICES * FOLLOW UP AS NEEDED UNTIL AN ELIGIBILITY DETERMINATION IS REACHED

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LINES 2, 3, & 5 NEEDS ASSESSMENT AND COMMUNITY INFORMATION	SCHEDULE H, PART VI	(CONTINUED) * LAKEWOOD HEALTH CENTER HELD THE ANNUAL HEALTH FAIR IN AUGUST 2011 AT THE LAK E OF THE WOODS COUNTY FAIR A THREE DAY EVENT WAS HELD (FRIDAY, SATURDAY, AND SUNDAY) AND APPROXIMATELY 110 PEOPLE RECEIVED GLUCOSE AND BLOOD PRESSURE SCREENING NURSES PROVIDED HE ALTH EDUCATION DURING THE TIME OF SCREENING SPACE WAS DEDICATED FOR A DISPLAY BY FRIENDS AGAINST ABUSE PROVIDING AN EDUCATIONAL DISPLAY DESCRIBING THE IMMEDIATE AND LONG TERN EFFE CTS OF VIOLENCE ON CHILDREN AND RESOURCES AVAILABLE LOCALLY * TWO FREE SKIN CANCER SCREEN ING CLINICS WERE HELD BY LAKEWOOD HEALTH CENTER CLINIC IN JULY 2011 AND MAY 2012 A TOTAL OF 181 PATIENTS WERE SCREENED AND EDUCATIONAL MATERIALS WERE AVAILABLE THE GOAL IS TO INC REASE COMMUNITY AWARENESS ON THE IMPORTANCE OF SKIN PROTECTION AND TO SAVE LIVES BY FINDIN G SKIN CANCER EARLY-AT ITS MOST TREATABLE STAGE COLLABORATIVE EFFORTS TO IMPROVE COMMUNIT Y HEALTH LAKEWOOD HEALTH CENTER DONATES CASH TO PROGRAMS, PROJECTS AND SPECIAL COMMUNITY E VENTS THESE ORGANIZATIONS/COMMUNITY GROUPS ARE ALSO NOT FOR PROFIT WHERE COLLABORATION FO R SAFE ENVIRONMENT, SAFE RECREATIONAL OPPORTUNITIES, GROWTH AND DEVELOPMENT OF YOUTH, AND OTHER ACTIVITIES/PROGRAMS THAT ASSIST IN BUILDING THE COMMUNITY AND THE HEALTH OF THE COMM UNITY * LAKEWOOD HEALTH CENTER ENCOURAGES EMPLOYEES TO BE INVOLVED IN COMMUNITY ACTIVITIE S AND TO VOLUNTEER WHERE ABLE LAKEWOOD HEALTH CENTER ALLOWS USE OF PRINTERS, COPY MACHINE S, PAPER, AND DONATION OF SUPPLIES SOME OF THE PROJECTS INCLUDE LOCAL FOOD SHELF, TAKE A KID FISHING PROGRAM, SENIOR FISHING PROGRAM, YOUTH HOCKEY, HUMANE SOCIETY, POST PROM PARTY , JOB SHADOWING EXPERIENCE, SCHOOL CAREER DAY, SCHOOL BOOSTER CLUB, ROBOTICS AND OTHER SCH OOL PROJECTS LAKEWOOD HEALTH CENTER PARTICIPATES IN FUNDRAISING FOR INTERNATIONAL MISSION PROJECT (ALONG WITH CHI FARGO DIVISION) THE INDIGENOUS PEOPLE'S HOSPITAL IN THE PHILIPPIN ES WITH INTERNAL FUNDRAISING EVENTS FOR EMPLOYEE PARTICIPATION AS WELL AS THE ANNUAL DUCKY DERBY FUNDRAISER EVENT HELD ANNUALLY IN ONE OF THE FACILITIES IN THE CHI FARGO DIVISION * THE AMERICAN CANCER SOCIETY'S SENTINEL FUND RAISING EVENT (RELAY FOR LIFE) THAT HAS BEEN HELD IN COMMUNITIES ACROSS MINNESOTA AND THE NATION THE TENTH RELAY FOR LIFE EVENT WAS H ELD IN LAKE OF THE WOODS COUNTY IN AUGUST 2011 WITH LAKEWOOD HEALTH CENTER AS ONE OF THE C ORPORATE SPONSORS HEALTH PROFESSIONS EDUCATION * LAKEWOOD HEALTH CENTER AND RAINY RIVER C OMMUNITY COLLEGE/INTERNATIONAL FALLS, MN HAVE COLLABORATED TO PROVIDE THE PRACTICAL NURSIN G PROGRAM AT LAKEWOOD HEALTH CENTER IN BAUDETTE THE PROGRAM IS SET UP TO ENCOURAGE STUDEN TS TO WORK, ATTEND CLASSES AND MEET FAMILY OBLIGATIONS BY MOVING THROUGH THE PROGRAM OVER TWO YEARS AT A PART TIME PACE LAKEWOOD HEALTH CENTER PROVIDES CLASSROOM AND CLINICAL SPAC E FOR THE NURSING STUDENTS ITV IS SET UP IN A CONFERENCE ROOM FOR CLASSES NURSING STAFF MEMBERS AT LAKEWOOD ARE OCCASIONALLY ASKED TO PRINT TESTS, HANDOUTS AND DISTRIBUTE ON THE DAY OF CLASS CLASSES ARE STARTED IN FALL OF 2011 WITH NURSING COURSE WORK SCHEDULED TO BE COMPLETED BY SPRING OF 2013 COMMUNITY BUILDING ACTIVITIES COMMUNITY BUILDING AND COMMUNI TY HEALTH ACTIVITIES LAKEWOOD HEALTH CENTER DONATES CASH TO PROGRAMS, PROJECTS AND SPECIAL COMMUNITY EVENTS THESE ORGANIZATIONS/COMMUNITY GROUPS ARE ALSO NOT FOR PROFIT WHERE COLL ABORATION FOR SAFE ENVIRONMENT, SAFE RECREATIONAL OPPORTUNITIES, GROWTH AND DEVELOPMENT OF YOUTH, AND OTHER ACTIVITIES/PROGRAMS THAT ASSIST IN BUILDING THE COMMUNITY AND THE HEALTH OF THE COMMUNITY * LAKEWOOD HEALTH CENTER ENCOURAGES EMPLOYEES TO BE INVOLVED IN COMMUNI TY ACTIVITIES AND TO VOLUNTEER WHERE ABLE LAKEWOOD HEALTH CENTER ALLOWS USE OF PRINTERS, COPY MACHINES, PAPER, AND DONATION OF SUPPLIES SOME OF THE PROJECTS INCLUDE LOCAL FOOD SH ELF, TAKE A KID FISHING PROGRAM, SENIOR FISHING PROGRAM, YOUTH HOCKEY, HUMANE SOCIETY, POS T PROM PARTY, JOB SHADOWING EXPERIENCE, SCHOOL CAREER DAY, SCHOOL BOOSTER CLUB, ROBOTICS A ND OTHER SCHOOL PROJECTS LAKEWOOD HEALTH CENTER PARTICIPATES IN FUNDRAISING FOR INTERNATI ONAL MISSION PROJECT (ALONG WITH CHI FARGO DIVISION) THE INDIGENOUS PEOPLE'S HOSPITAL IN T HE PHILIPPINES WITH INTERNAL FUNDRAISING EVENTS FOR EMPLOYEE PARTICIPATION AS WELL AS THE ANNUAL DUCKY DERBY FUNDRAISER EVENT HELD ANNUALLY * THE AMERICAN CANCER SOCIETY'S SENTINE L FUNDRAISING EVENT (RELAY FOR LIFE) THAT HAS BEEN HELD IN COMMUNITIES ACROSS MINNESOTA AN D THE NATION THE TENTH RELAY FOR LIFE EVENT WAS HELD IN LAKE OF THE WOODS COUNTY IN AUGUS T 2011 WITH LAKEWOOD HEALTH CENTER AS ONE OF THE CORPORATE SPONSORS LAKEWOOD HEALTH CENTE R HAD ONE TEAM AND TEAM MEMBERS WERE ALLOWED TO USE WORK TIME AND SPACE FOR FUND RAISING EMPLOYEES ARE ALSO ON COMMITTEES WHICH REQUIRED EXTRA TIME, ENERGY, USE OF OFFICE EQUIPMEN T, PAPER SUPPLIES AND SPACE FOR MEETINGS PLANNING AND FUND RAISING IS UNDERWAY FOR THE 20 12 EVENT LAKEWOOD ALSO PROVIDES SPACE FOR THE ACS PROGRAM -- LOOK GOOD, FEEL BETTER PROGR AM AND PARTICIPATES IN DAFFODIL DAYS THE ADMISSIO

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LINES 2, 3, & 5 NEEDS ASSESSMENT AND COMMUNITY INFORMATION	SCHEDULE H, PART VI	NS STAFF SET UP A DISPLAY TO REFER CANCER PATIENTS TO THE AMERICAN CANCER SOCIETY RESOURCE NETWORK * THE BRINK SENIOR CENTER IS A NON-PROFIT ORGANIZATION THAT PROVIDES NUTRITIOUS MEALS AT NOON, FIVE DAYS A WEEK THROUGH LUTHERAN SOCIAL SERVICE PROGRAM THEY ALSO PROVIDE MEALS ON WHEELS IN OUR COMMUNITY THE BRINK SENIOR CENTER IS THE HUB OF ACTIVITY FOR SENI ORS IN LAKE OF THE WOODS COUNTY AND NEIGHBORING SENIORS FROM RAINY RIVER, ONTARIO, CANADA THE CENTER HAS DAILY ACTIVITIES AND ALSO SERVES AS A FORUM FOR INFORMATION RELATED TO HEA LTH, SENIOR ISSUES AND ADVOCACY PROGRAMS FOR SENIORS THE NEWSLETTER IS PREPARED AND DISTR IBUTED MONTHLY TO KEEP THE SENIORS INFORMED OF COMMUNITY EVENTS, SENIOR CENTER ACTIVITIES AND THE DAILY MENU THE SOCIAL WORKER AND VP OF HEALTH SERVICES AND DIETITIAN PARTICIPATE ON THE NUTRITION BOARD AT THE BRINK CENTER AND ASSIST WITH FUNDRAISERS ONCE OR TWICE A YEA R FOR THE NUTRITION PROGRAM * LAKEWOOD HEALTH CENTER SUPPORTS A BLOOD DRIVE (FALL AND SPR ING) IN OUR COMMUNITY LAKEWOOD HEALTH CENTER ENCOURAGES AND SUPPORTS EMPLOYEES TO VOLUNTE ER AS BLOOD DONORS AND STAFF FROM ENVIRONMENTAL SERVICES OFFERS ASSISTANCE IN SET UP AND C LEAN UP FOR THE BLOOD DRIVE EVENT LAKEWOOD NURSING SERVICE STAFF MEMBER COORDINATED THE F ALL EVENT AND LAKEWOOD HEALTH CENTER LAB AND RADIOLOGY DEPARTMENTS TOOK OVER THE RESPONSIB ILITIES IN 2012 WITH A SUCCESSFUL BLOOD DRIVE IN MAY 2012 COMMUNICATIONS/MARKETING STAFF ASSIST WITH PROMOTING THE BLOOD DRIVE * THE BAUDETTE COMMUNITY FOUNDATION IS A NON-PROFIT ORGANIZATION SEEKING TO ENHANCE AND IMPROVE AREA RECREATIONAL AND SOCIAL FACILITIES THE BAUDETTE COMMUNITY FOUNDATION BOARD MEETS MONTHLY AND OVERSEES THE THEATER BUSINESS AND CO NTINUES TO WORK TOWARD IMPROVING THE RECREATIONAL FACILITIES THE COMMUNITY FOUNDATION PLA NS AN AUCTION FUNDRAISER EACH SUMMER MAINTENANCE, ADMINISTRATION AND SOCIAL WORKER ASSIST WITH PICKING UP ITEMS AND TRANSPORTING ITEMS TO THE AUCTION AS WELL AS HELPING ON THE DAY OF THE AUCTION BAUDETTE COMMUNITY FOUNDATION ALSO SERVES AS A FISCAL AGENT FOR THE SENIO R FISHING PROGRAM IN LAKE OF THE WOODS COUNTY

Identifier	ReturnReference	Explanation
LINES 2, 3, & 5 NEEDS ASSESSMENT AND COMMUNITY INFORMATION	SCHEDULE H, PART VI	(CONTINUED) * LAKEWOOD HEALTH CENTER ESTABLISHED A DRUG TAKE BACK PROGRAM COLLABORATING WITH LAW ENFORCEMENT A SMALL LOCKED DROP BOX WAS INSTALLED IN THE CLINIC LOBBY WHERE MEDICATIONS NO LONGER BEING USED OR EXPIRED CAN BE PLACED THIS PROVIDES A SAFE DROP OFF POINT SO MEDICATIONS ARE NOT STORED LONGER THAN NEEDED IN THE HOME AND ARE DISPOSED OF PROPERLY FLUSHING OR BURNING PRESCRIPTIONS IS NOT AN ENVIRONMENTALLY SAFE PRACTICE * LAKE OF THE WOODS COUNTY PREVENTION COALITION (ALCOHOL, TOBACCO AND OTHER DRUGS) LAKEWOOD HEALTH CENTER (MISSION LEADER AND ADMINISTRATOR) ARE MEMBERS OF THE COALITION AND LAKEWOOD HEALTH CENTER PROVIDES SPACE FOR MEETINGS AND OCCASIONAL REFRESHMENTS LAKE OF THE WOODS COUNTY WORKS WITH THE DEPARTMENT OF HUMAN SERVICES/ALCOHOL AND DRUG ABUSE DIVISION BY FOCUSING IN PART- CHANGING THE ENVIRONMENT THE YOUTH LIVE IN INVESTING IN PREVENTION MEASURES WILL NOT ONLY ENHANCE THE COMMUNITY IT WILL ENHANCE THE LIVES OF OUR YOUTH THE PROPOSED PREVENTION MEASURES ARE AIMED AT 1) REDUCING ACCESS AND AVAILABILITY 2) ENFORCEMENT OF EXISTING LAWS AND POLICIES AND 3) CHANGING PUBLIC ATTITUDES AND SOCIAL NORMS * VIOLENCE PREVENTION WORK LAKEWOOD HEALTH CENTER IS STRIVING TO PROMOTE A HEALTHY COMMUNITY BY CREATING A PLAN TO REDUCE COMMUNITY VIOLENCE THE PURPOSE OF OUR WORK IS TO ADDRESS A COMMUNITY IDENTIFIED FORM OF VIOLENCE AND CREATE A HEALTHIER COMMUNITY THROUGH VIOLENCE REDUCTION LAKEWOOD HEALTH CENTER ALONG WITH CATHOLIC HEALTH INITIATIVES IS COMMITTED TO ADDRESS THE ISSUE OF VIOLENCE IN OUR SOCIETY LAKEWOOD HEALTH CENTER SPONSORED AND FACILITATED A COMMUNITY FORUM IN JANUARY 2010 TO DIALOGUE ABOUT VIOLENCE PREVENTION, RISK FACTORS, RESILIENCY FACTORS AND NAMED VIOLENCE ISSUES KNOWN IN OUR COMMUNITY A VIOLENCE PREVENTION COALITION HAS BEEN FORMED AND IS MEETING REGULARLY LAKEWOOD HEALTH CENTER IS PARTICIPATING IN A PLANNING GRANT (AWARDED JULY 2010) FOR VIOLENCE PREVENTION WORK A FACILITATOR IS CONTRACTED FOR THE COALITION TO ASSIST WITH STRATEGIES, GOAL SETTING AND OBJECTIVES A SECOND YEAR PLANNING GRANT WAS GRANTED AND CONTINUED THROUGH JUNE 2012 THE COALITION'S FOCUS IS FAMILY VIOLENCE, THE IMPACT OF THIS VIOLENCE ON YOUTH AND THAT ALCOHOL AND DRUGS HAVE BEEN IDENTIFIED AS A COMMON FACTOR DURING THE INCIDENT OF VIOLENCE * STATEWIDE HEALTH IMPROVEMENT PROGRAM (SHIP) THE SHIP PROCESS HAS ENGAGED A TEAM OF INTERESTED COMMUNITY MEMBERS REPRESENTING THE SCHOOL, COUNTY, CITY, AND LAKEWOOD HEALTH CENTER THE GROUP MEETS TO DISCUSS ACTIVITIES THAT HAVE BEEN SHOWN TO PREVENT CHRONIC DISEASE BY INCREASING ACCESS TO HEALTHY FOODS, DECREASING TOBACCO USE, AND INCREASING ACTIVE LIVING OPPORTUNITIES THEY WORK ON POLICY AND SYSTEM CHANGES THAT CAN BE ADOPTED WITH OUR SCHOOL, COMMUNITIES, PLACES OF WORK AND HEALTHCARE FACILITIES ACTIVITIES UNDERWAY INCLUDE THE SUPPORT OF COMMUNITY GARDENS, ASSESSMENT OF STUDENT HEALTH POLICIES AT LAKE OF THE WOODS SCHOOL AND STRENGTHENING THE AVAILABILITY OF HEALTHY FOODS AT SCHOOL LAKEWOOD HEALTH CENTER PARTICIPATES IN WORKSITE WELLNESS CAMPAIGN FOR EMPLOYEES AND PROVIDES "FREEDOM FROM SMOKING" TOBACCO CESSATION AND SUPPORT PROGRAM AVAILABLE TO MEMBERS OF THE COMMUNITY AN ASSESSMENT OF "ACTIVE LIVING" IN THE COMMUNITY WILL BE COMPLETED AND A THREE TO TEN YEAR STRATEGIC PLAN WILL BE DEVELOPED

Identifier	ReturnReference	Explanation
Patient education of eligibility for assistance	Schedule H, Part VI, Line 3	LAKEWOOD HEALTH CENTER, ALONG WITH ITS AFFILIATED OUTPATIENT FACILITIES ARE PART OF CATHOLIC HEALTH INITIATIVES "CHI" CHI HAS A WRITTEN POLICY (STEWARDSHIP POLICY NO 15) GOVERNING THE PROCEDURES FOR DETERMINING AND INFORMING PATIENTS ABOUT THE ENTITY'S FINANCIAL ASSISTANCE POLICY ALL HOSPITAL FACILITIES INCLUDED IN THE FILING ORGANIZATION HAVE ADOPTED THE POLICY THE POLICY STATES THE ORGANIZATION WILL INCLUDE INFORMATION CONCERNING ITS FINANCIAL ASSISTANCE POLICY ON ITS WEBSITE IN ADDITION, LAKEWOOD HEALTH CENTER PROMINENTLY DISPLAYS ITS FINANCIAL ASSISTANCE POLICY IN ENGLISH IN OBVIOUS LOCATIONS THROUGHOUT THE HOSPITALS, INCLUDING THE EMERGENCY ROOMS AND OTHER PATIENT INTAKE AREAS, AS WELL AS IN LAKEWOOD HEALTH CENTER'S OUTPATIENT FACILITIES IN ADDITION, LAKEWOOD HEALTH CENTER REGISTRATION CLERKS ARE TRAINED TO PROVIDE CONSULTATION TO THOSE WHO HAVE NO INSURANCE OR POTENTIALLY INADEQUATE INSURANCE CONCERNING THEIR FINANCIAL OPTIONS INCLUDING APPLICATION FOR MEDICAID AND FOR FINANCIAL ASSISTANCE UNDER LAKEWOOD HEALTH CENTER'S FINANCIAL ASSISTANCE POLICY UPON REGISTRATION (AND ONCE ALL EMTALA REQUIREMENTS ARE MET), PATIENTS WHO ARE IDENTIFIED AS UNINSURED (AND NOT COVERED BY MEDICARE OR MEDICAID) ARE PROVIDED WITH A PACKET OF INFORMATION THAT ADDRESSES THE FINANCIAL ASSISTANCE POLICY AND PROCEDURES INCLUDING AN APPLICATION FOR ASSISTANCE LAKEWOOD HEALTH CENTER REGISTRATION CLERKS READ THE ORGANIZATION'S MEDICAL ASSISTANCE POLICY TO THOSE WHO APPEAR TO BE INCAPABLE OF READING, AND PROVIDE TRANSLATORS FOR NON-ENGLISH-SPEAKING INDIVIDUALS LAKEWOOD HEALTH CENTER'S STAFF WILL ALSO ASSIST THE PATIENT/GUARANTOR WITH APPLYING FOR OTHER AVAILABLE COVERAGE (SUCH AS MEDICAID), IF NECESSARY COUNSELORS ASSIST MEDICARE ELIGIBLE PATIENTS IN ENROLLMENT BY PROVIDING REFERRALS TO THE APPROPRIATE GOVERNMENT AGENCIES

Identifier	ReturnReference	Explanation
Affiliated health care system	Schedule H, Part VI, Line 6	LAKEWOOD HEALTH CENTER IS PART OF CATHOLIC HEALTH INITIATIVES CATHOLIC HEALTH INITIATIVES (CHI) IS A NATIONAL FAITH-BASED NONPROFIT HEALTH CARE ORGANIZATION WITH HEADQUARTERS IN ENGLEWOOD, COLORADO CHI'S EXEMPT PURPOSE IS TO SERVE AS AN INTEGRAL PART OF ITS NATIONAL SYSTEM OF HOSPITALS AND OTHER CHARITABLE ENTITIES, WHICH ARE DESCRIBED AS MARKET-BASED ORGANIZATIONS, OR MBOS AN MBO IS A DIRECT PROVIDER OF CARE OR SERVICES WITHIN A DEFINED MARKET AREA THAT MAY BE AN INTEGRATED HEALTH SYSTEM AND/OR A STAND-ALONE HOSPITAL OR OTHER FACILITY OR SERVICE PROVIDER CHI SERVES AS THE PARENT CORPORATION OF ITS MBOS WHICH ARE COMPRISED OF 74 HOSPITALS, 40 LONG-TERM CARE, ASSISTED- AND RESIDENTIAL-LIVING FACILITIES, TWO COMMUNITY HEALTH-SERVICES ORGANIZATIONS, TWO ACCREDITED NURSING COLLEGES, AND HOME HEALTH AGENCIES TOGETHER, THESE FACILITIES PROVIDED $715 MILLION IN CHARITY CARE AND COMMUNITY BENEFIT IN THE 2012 FISCAL YEAR, INCLUDING SERVICES FOR THE POOR, FREE CLINICS, EDUCATION AND RESEARCH CHI PROVIDES STRATEGIC PLANNING AND MANAGEMENT SERVICES AS WELL AS CENTRALIZED "SHARED SERVICES" FOR THE MBOS THE PROVISION OF CENTRALIZED MANAGEMENT AND SHARED SERVICES - INCLUDING AREAS SUCH AS ACCOUNTING, HUMAN RESOURCES, PAYROLL AND SUPPLY CHAIN -- PROVIDES ECONOMIES OF SCALE AND PURCHASING POWER TO THE MBOS THE COST SAVINGS ACHIEVED THROUGH CHI'S CENTRALIZATION ENABLE MBOS TO DEDICATE ADDITIONAL RESOURCES TO HIGH-QUALITY HEALTH CARE AND COMMUNITY OUTREACH SERVICES TO THE MOST VULNERABLE MEMBERS OF OUR SOCIETY LAKEWOOD HEALTH CENTER OPERATES WITH ITS COMMUNITY PARTNERS TO SERVE THE HEALTH CARE NEEDS OF LAKE OF THE WOODS COUNTY, MINNESOTA AND SURROUNDING COMMUNITIES

Identifier	ReturnReference	Explanation
State filing of community benefit report	Schedule H, Part VI, Line 7	MN

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.
▶ Attach to Form 990

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
LAKEWOOD HEALTH CENTER

Employer identification number
41-0758434

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . ☑ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Use Part IV and Schedule I-1 (Form 990) if additional space is needed . . . ▶ ☑

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . ▶

3 Enter total number of other organizations listed in the line 1 table . . . ▶

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

Part IV **Supplemental Information.** Complete this part to provide the information required in Part I, line 2, and any other additional information.

Identifier	Return Reference	Explanation
Procedures for monitoring use of grant funds	Schedule I, Part I, Line 2	GRANTS ARE MONITORED THROUGH REPORTS RECEIVED FROM THE GRANTEE ORGANIZATIONS CONTAINING FINANCIAL AND NARRATIVE INFORMATION DESCRIBING THE USE OF THE FUNDS

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
LAKEWOOD HEALTH CENTER

Employer identification number
41-0758434

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☐ Compensation committee ☐ Written employment contract ☐ Independent compensation consultant ☐ Compensation survey or study ☐ Form 990 of other organizations ☐ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) CHRISTOPHER MCGRAW	(i)	242,517	23,573	816	20,228	14,561	301,695	0
	(ii)	0	0	0	0	0	0	0
(2) JASON BREUER	(i)	0	0	0	0	0	0	0
	(ii)	127,101	54,902	26,208	31,195	19,660	259,066	0
(3) JEFFREY DROP	(i)	0	0	0	0	0	0	0
	(ii)	377,987	139,608	23,332	61,092	21,446	623,465	0
(4) MOHAN BANGALORE-PUTTAIAH	(i)	246,812	14,059	410	20,228	11,101	292,610	0
	(ii)	0	0	0	0	0	0	0
(5) ROBERT DAYER	(i)	198,959	2,771	1,399	16,569	7,779	227,477	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8 Also complete this part for any additional information

Identifier	Return Reference	Explanation
Arrangement used to establish the top management official's compensation	Schedule J, Part I, Line 3	COMPENSATION FOR THE TOP MANAGEMENT OFFICIAL WAS ESTABLISHED AND PAID BY CATHOLIC HEALTH INITIATIVES (CHI), A RELATED ORGANIZATION CHI USED THE FOLLOWING TO ESTABLISH THE TOP MANAGEMENT OFFICIAL'S COMPENSATION (1) COMPENSATION COMMITTEE, (2) INDEPENDENT COMPENSATION CONSULTANT, (3) WRITTEN EMPLOYMENT CONTRACTS, (4) COMPENSATION SURVEY OR STUDY, (5) APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE
SEVERANCE PAYMENTS	SCHEDULE J, PART I, LINE 4A	POST-TERMINATION PAYMENTS ARE ADDRESSED IN EXECUTIVE EMPLOYMENT AGREEMENTS FOR CATHOLIC HEALTH INITIATIVES ("CHI") AND RELATED ORGANIZATIONS' EMPLOYEES AT THE LEVEL OF VICE PRESIDENT AND ABOVE, INCLUDING THE MBO CEOS THESE EMPLOYMENT AGREEMENTS REQUIRE THAT IN ORDER FOR THE EXECUTIVE TO RECEIVE POST-TERMINATION PAYMENTS, THESE INDIVIDUALS MUST EXECUTE A GENERAL RELEASE AND SETTLEMENT AGREEMENT POST-TERMINATION PAYMENT ARRANGEMENTS ARE PERIODICALLY REVIEWED FOR OVERALL REASONABLENESS IN LIGHT OF THE EXECUTIVE'S OVERALL COMPENSATION PACKAGE THERE WERE NO REPORTABLE INDIVIDUALS THAT RECEIVED SEVERANCE PAYMENTS DURING CALENDAR YEAR 2011
Supplemental nonqualified retirement plan	Schedule J, Part I, Line 4b	DURING THE 2011 CALENDAR YEAR, CATHOLIC HEALTH INITIATIVES ("CHI"), A RELATED ORGANIZATION, MAINTAINED A SUPPLEMENTAL NON-QUALIFIED DEFERRED COMPENSATION PLAN FOR MBO CEOS AND OTHER CHI EMPLOYEES AT THE LEVEL OF SENIOR VICE PRESIDENT AND ABOVE THE FOLLOWING REPORTABLE INDIVIDUALS WERE ELIGIBLE TO PARTICIPATE IN THAT PLAN JASON BREUER JEFFREY DROP DURING 2011, THE FOLLOWING CONTRIBUTIONS WERE MADE BY CHI TO THE DEFERRED COMPENSATION PLAN JASON BREUER - $11,817 JEFFREY DROP - $33,514

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
LAKEWOOD HEALTH CENTER

Employer identification number
41-0758434

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1 (a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	(c) Corrected? No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ $

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) No
Total . . . . . ▶ $										

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

Part IV **Business Transactions Involving Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) MEGAN DAYER	SPOUSE OF BOARD MEMBER IS EMPLOYED BY LAKEWOOD HEALTH CENTER	68,375	COMPENSATION		No

Part V **Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule L (see instructions)

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
LAKEWOOD HEALTH CENTER

Employer identification number
41-0758434

Identifier	Return Reference	Explanation
EXECUTIVE COMMITTEE	FORM 990, PART VI, LINE 1A	PURSUANT TO SECTION 8 6 OF THE BYLAWS OF LAKEWOOD HEALTH CENTER, THE EXECUTIVE COMMITTEE IS COMPOSED OF THE BOARD CHAIR, THE BOARD VICE CHAIR, THE PRESIDENT/ CEO, EACH OF WHOM SHALL SERVE AS AN EX OFFICIO VOTING MEMBER OF THE EXECUTIVE COMMITTEE, AND TWO VOTING MEMBERS APPOINTED BY THE BOARD OF DIRECTORS EACH INDIVIDUAL APPOINTED TO THE EXECUTIVE COMMITTEE SHALL SERVE FOR A TERM OF ONE YEAR OR UNTIL HIS OR HER SUCCESSOR IS DULY APPOINTED BY THE BOARD OF DIRECTORS THE EXECUTIVE COMMITTEE SHALL CONSIST OF ONLY DIRECTORS OF THE CORPORATION PURSUANT TO SECTION 8 1 OF THE CORPORATION'S BYLAWS, COMMITTEES, SUCH AS THE EXECUTIVE COMMITTEE, THAT ARE GRANTED THE AUTHORITY TO ACT ON BEHALF OF THE BOARD OF DIRECTORS MAY INCLUDE ONLY DIRECTORS OF THE CORPORATION FURTHER, PURSUANT TO SECTION 8 6 OF THE CORPORATION'S BYLAWS, THE EXECUTIVE COMMITTEE HAS AND MAY EXERCISE SUCH POWERS AS MAY BE DELEGATED TO IT BY THE BOARD OF DIRECTORS THE EXECUTIVE COMMITTEE ALSO POSSESSES THE POWER TO TRANSACT ROUTINE BUSINESS OF THE CORPORATION IN THE INTERIM PERIOD BETWEEN REGULARLY SCHEDULED MEETINGS OF THE BOARD OF DIRECTORS

Identifier	Return Reference	Explanation
Classes of members or stockholders	Form 990, Part VI, Section A, Line 6	THE SOLE MEMBER OF THE ORGANIZATION IS CATHOLIC HEALTH INITIATIVES, A COLORADO NON-PROFIT CORPORATION

Identifier	Return Reference	Explanation
Members or stockholders electing members of governing body	Form 990, Part VI, Section A, Line 7a	THE SOLE MEMBER OF THE ORGANIZATION HAS THE POWER TO APPOINT, REPLACE OR REMOVE THE MEMBERS OF THE BOARD OF DIRECTORS

Identifier	Return Reference	Explanation
Decisions requiring approval by members or stockholders	Form 990, Part VI, Section A, Line 7b	THE ORGANIZATION'S CORPORATE MEMBER IS CATHOLIC HEALTH INITIATIVES (''CHI'') PURSUANT TO ARTICLE V, SECTION 5 4 2 OF THE ORGANIZATION'S BYLAWS, THE CORPORATE MEMBER SHALL HAVE THE SPECIFIC RIGHTS SET FORTH IN THE GOVERNANCE MATRIX PURSUANT TO THE GOVERNANCE MATRIX, THE FOLLOWING RIGHTS ARE RESERVED TO THE CHI BOARD DIRECTLY OR THROUGH POWERS DELEGATED TO THE CHI CHIEF EXECUTIVE OFFICER *SUBSTANTIAL CHANGE IN THE MISSION OR PHILOSOPHY OF LAKEWOOD HEALTH CENTER, *AMENDMENT OF THE CORPORATE DOCUMENTS OF LAKEWOOD HEALTH CENTER, *APPROVE MEMBERS OF THE LAKEWOOD HEALTH CENTER BOARD, *REMOVAL OF A MEMBER OF THE GOVERNING BODY OF LAKEWOOD HEALTH CENTER, *APPROVAL OF ISSUANCE OF DEBT BY LAKEWOOD HEALTH CENTER, *APPROVAL OF PARTICIPATION OF LAKEWOOD HEALTH CENTER IN A JOINT VENTURE, *APPROVAL OF FORMATION OF A NEW CORPORATION BY LAKEWOOD HEALTH CENTER, *APPROVAL OF A MERGER INVOLVING LAKEWOOD HEALTH CENTER, *APPROVAL OF THE SALE OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS OF LAKEWOOD HEALTH CENTER, *TO REQUIRE THE TRANSFER OF ASSETS BY THE LAKEWOOD HEALTH CENTER TO CHI TO ACCOMPLISH CHI'S GOALS AND OBJECTIVES AND TO SATISFY CHI DEBTS, AND *ADOPTION OF LONG-RANGE AND STRATEGIC PLANS FOR LAKEWOOD HEALTH CENTER PURSUANT TO SECTION 5 5 2 OF THE ORGANIZATION'S BYLAWS, CHI MAY, IN EXERCISE OF ITS APPROVAL POWERS, GRANT OR WITHHOLD APPROVAL IN WHOLE OR IN PART, OR MAY, IN ITS COMPLETE DISCRETION, AFTER CONSULTATION WITH THE BOARD AND THE PRESIDENT AND CHIEF EXECUTIVE OFFICER OF THE ORGANIZATION, RECOMMEND SUCH OTHER OR DIFFERENT ACTIONS AS IT DEEMS APPROPRIATE.

Identifier	Return Reference	Explanation
Review of form 990 by governing body	Form 990, Part VI, Section B, Line 11b	ONCE THE RETURN IS PREPARED THE RETURN IS REVIEWED BY THE CHIEF FINANCIAL OFFICER THE CFO WILL PROVIDE A COPY OF THE RETURN TO THE BOARD EITHER AT A BOARD MEETING OR BY EMAILING A COPY OF THE RETURN TO EACH BOARD MEMBER SUBSEQUENT TO THE RETURN BEING PROVIDED TO THE BOARD THE TAX DEPARTMENT FILES THE RETURN WITH THE APPROPRIATE FEDERAL AND STATE AGENCIES, MAKING ANY NON-SUBSTANTIVE CHANGES NECESSARY TO EFFECT E-FILING ANY SUCH CHANGES ARE NOT RE-SUBMITTED TO THE BOARD

Identifier	Return Reference	Explanation
Conflict of interest policy	Form 990, Part VI, Section B, Line 12c	LAKEWOOD HEALTH CENTER HAS A BOARD POLICY THAT REFERENCES THE DUALITY OF INTEREST AND CONFLICT OF INTEREST POLICIES PROVIDED BY CHI NATIONAL AT THE ANNUAL BOARD AND BOARD COMMITTEE MEETINGS ALL MEMBERS ARE REQUESTED TO SIGN CONFLICT OF INTEREST STATEMENTS THE SIGNED STATEMENTS ARE RETAINED IN THE ADMINISTRATIVE FILES ALL MEMBERS ARE REQUESTED TO DECLARE POTENTIAL CONFLICTS OF INTEREST AT EACH BOARD AND/OR COMMITTEE MEETING OF THE BOARD (FINANCE/AUDIT AND COMPLIANCE COMMITTEE AND THE PERFORMANCE IMPROVEMENT COMMITTEE) IF THE BOARD FINDS THAT A CONFLICT DOES EXIST REGARDING THE AGENDA ITEMS TO BE PRESENTED FOR ACTION, MEMBERS ARE REQUESTED TO ABSTAIN FROM VOTING IN ADDITION, A QUESTIONNAIRE IS SENT ANNUALLY TO ALL BOARD MEMBERS, TOP PAID VENDORS, AND TOP PAID EMPLOYEES ASKING THEM TO DISCLOSE ANY BUSINESS OR FAMILY RELATIONSHIPS

Identifier	Return Reference	Explanation
WRITTEN DOCUMENT RETENTION & DESTRUCTION POLICY	FORM 990, PART VI, LINE 14	THE ORGANIZATION'S DOCUMENT RETENTION & DESTRUCTION POLICY WAS NOT FORMALLY ADOPTED BY THE BOARD HOWEVER, THE ORGANIZATION DOES HAVE A WRITTEN DOCUMENT RETENTION AND DESTRUCTION POLICY THAT WAS ADOPTED BY THE BOARD-APPOINTED FINANCE COMMITTEE.

Identifier	Return Reference	Explanation
PROCESS FOR DETERMINING COMPENSATION FOR TOP MANAGEMENT OFFICIAL	FORM 990, PART VI, LINE 15A	THE ORGANIZATION'S TOP MANAGEMENT OFFICIAL'S COMPENSATION IS PAID BY CHI CHI HAS A DEFINED COMPENSATION PHILOSOPHY BOTH THE EXECUTIVE AND NON-EXECUTIVE COMPENSATION STRUCTURES AND RANGES ARE REVIEWED ANNUALLY IN COMPARISON TO MARKET DATA CHI USES THE HAY GROUP AS THE INDEPENDENT THIRD PARTY TO ASSESS EXECUTIVE COMPENSATION PROGRAMS AND TO ENSURE THE REASONABLENESS OF ACTUAL SALARIES AND TOTAL COMPENSATION PACKAGES COMPENSATION OF THE SENIOR MOST EXECUTIVES IS REVIEWED ANNUALLY THE HAY GROUP REVIEWS BOTH CASH AND TOTAL COMPENSATION FOR OVERALL REASONABLENESS, FOR ADHERENCE TO CHI'S COMPENSATION PHILOSOPHY, AND FOR COMPARABILITY TO THE NOT-FOR-PROFIT HEALTHCARE MARKET THIS INDEPENDENT REVIEW IS DELIVERED BY HAY GROUP TO THE HR COMMITTEE OF THE CHI BOARD OF STEWARDSHIP TRUSTEES ANNUALLY AT THEIR SEPTEMBER MEETING AND MINUTES ARE SHARED WITH THE FULL BOARD AT THE DECEMBER MEETING THE LAST REVIEW WAS SEPTEMBER 2012 IN ADDITION, IN DECEMBER 2009, HAY GROUP COMPLETED A COMPREHENSIVE REVIEW OF ALL POSITIONS AT THE LEVEL OF VICE PRESIDENT AND ABOVE TO DETERMINE AND VALIDATE APPROPRIATE COMPENSATION LEVELS THESE LEVELS HAVE BEEN REVIEWED ANNUALLY SINCE AND REVISED BASED ON MARKET DATA, WHERE APPLICABLE

Identifier	Return Reference	Explanation
Process used to establish compensation of other officers/key employees	Form 990, Part VI, Section B, Line 15b	ALL EXECUTIVE COMPENSATION PAID TO OFFICERS AND KEY EMPLOYEES WAS SET BY A COMPENSATION COMMITTEE UTILIZING AN INDEPENDENT CONSULTANT AND COMPARABILITY STUDIES TO DETERMINE COMPENSATION THE BOARD OF DIRECTORS OVERSEES THE COMPENSATION SETTING PROCESS AND ENSURES REASONABLENESS AND COMPLIANCE WITH THE ORGANIZATION'S COMPENSATION PHILOSOPHY

Identifier	Return Reference	Explanation
Governing documents, conflict of interest policy and financial statements available to the public	Form 990, Part VI, Section C, Line 19	LAKEWOOD HEALTH CENTER'S FINANCIAL STATEMENTS ARE INCLUDED IN CATHOLIC HEALTH INITIATIVES' CONSOLIDATED AUDITED FINANCIAL STATEMENTS THAT ARE AVAILABLE AT WWW CATHOLICHEALTHINIT ORG OR AT WWW DACBOND COM THE ORGANIZATION'S CONFLICT OF INTEREST POLICY AND GOVERNING DOCUMENTS ARE AVAILABLE UPON REQUEST

Identifier	Return Reference	Explanation
ESTIMATE OF HOURS DEVOTED TO RELATED ORGANIZATIONS	FORM 990, PART VII, SECTION A, LINE 1A	COMPENSATION REPORTED ON FORM 990, PART VII AS PAID BY RELATED ORGANIZATIONS WAS PAID TO THESE INDIVIDUALS IN EXCHANGE FOR THE FULFILLMENT OF THEIR DUTIES AS FULL-TIME, 60 HOUR-PER-WEEK EMPLOYEES

Identifier	Return Reference	Explanation
Other changes in net assets or fund balances	Form 990, Part XI, Line 5	NET UNREALIZED GAINS (LOSSES) ON INVESTMENTS - -216444, CAPITAL RESOURCE POOL CONTRIBUTION - -94884, TRANSFERS TO/FROM AFFILIATES - 49844,

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493134065913

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
LAKEWOOD HEALTH CENTER

Employer identification number
41-0758434

Part I Identification of Disregarded Entities (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
See Additional Data Table							

Part III **Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
See Additional Data Table												

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
See Additional Data Table							

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)

Note. Complete line 1 if any entity is listed in Parts II, III or IV

		Yes	No
1	During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a	Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	1a	No
b	Gift, grant, or capital contribution to related organization(s)	1b	No
c	Gift, grant, or capital contribution from related organization(s)	1c	Yes
d	Loans or loan guarantees to or for related organization(s)	1d	No
e	Loans or loan guarantees by related organization(s)	1e	No
f	Sale of assets to related organization(s)	1f	No
g	Purchase of assets from related organization(s)	1g	No
h	Exchange of assets with related organization(s)	1h	No
i	Lease of facilities, equipment, or other assets to related organization(s)	1i	Yes
j	Lease of facilities, equipment, or other assets from related organization(s)	1j	No
k	Performance of services or membership or fundraising solicitations for related organization(s)	1k	No
l	Performance of services or membership or fundraising solicitations by related organization(s)	1l	No
m	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m	No
n	Sharing of paid employees with related organization(s)	1n	No
o	Reimbursement paid to related organization(s) for expenses	1o	Yes
p	Reimbursement paid by related organization(s) for expenses	1p	No
q	Other transfer of cash or property to related organization(s)	1q	Yes
r	Other transfer of cash or property from related organization(s)	1r	No

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

Part VI Unrelated Organizations Taxable as a Partnership (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization See instructions regarding exclusion for certain investment partnerships

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Schedule R (Form 990) 2011

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation	

Additional Data

Return to Form

Software ID: 11000230
Software Version: v2011.1.0
EIN: 41-0758434
Name: LAKEWOOD HEALTH CENTER

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
ALEGENT HEALTH - BERGAN MERCY HEALTH SYS 7500 MERCY ROAD OMAHA, NE 68124 47-0484764	HEALTHCARE	NE	501(C)(3)	3	CHI	Yes	
ALEGENT HEALTH - MERCY HOSPITAL CORNING IOWA PO BOX 368 CORNING, IA 50841 42-0782518	HEALTHCARE	IA	501(C)(3)	3	AHBMHS	Yes	
ALVERNA APARTMENTS 300 SE 8TH AVENUE LITTLE FALLS, MN 56345 41-1351177	LTERM CARE	MN	501(C)(3)	9	CHI	Yes	
APPLETREE COURT 601 OAK STREET BRECKENRIDGE, MN 56520 41-1850500	SENIOR HOMES	MN	501(C)(3)	9	SFH	Yes	
BISHOP DRUMM RETIREMENT CENTER 1111 6TH AVENUE DES MOINES, IA 50314 42-0725196	LTERM CARE	IA	501(C)(3)	9	CHI-IA CORP	Yes	
BORNEMANN HEALTHCARE CORPORATION 2500 BERNVILLE RD PO BOX 316 READING, PA 19603 23-2187242	HEALTHCARE	PA	501(C)(3)	11 - Type I	CHI	Yes	
CARRINGTON HEALTH CENTER 800 NORTH 4TH STREET CARRINGTON, ND 58421 45-0227311	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
CATHOLIC HEALTH INITIATIVES 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 47-0617373	HEALTHCARE	CO	501(C)(3)	9	NA	Yes	
CATHOLIC HEALTH INITIATIVES COLORADO FOUNDATION 6385 CORPORATE DRIVE COLORADO SPRINGS, CO 80919 84-0902211	FUNDRAISING	CO	501(C)(3)	7	CHIC	Yes	
CATHOLIC HEALTH INITIATIVES INSTITUTE FOR RESEARCH AND INNOVATION 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 27-1050565	HEALTHCARE	CO	501(C)(3)	11 - Type I	CHI	Yes	
CATHOLIC HEALTH INITIATIVES NATIONAL FOUNDATION 6385 CORPORATE DRIVE COLORADO SPRINGS, CO 80919 27-0930004	FUNDRAISING	CO	501(C)(3)	9	CHI	Yes	
CATHOLIC HEALTH INITIATIVES-COLORADO 188 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 84-0405257	HEALTHCARE	CO	501(C)(3)	3	CHI	Yes	
CENTENNIAL MEDICAL GROUP INC 2700 STEWART PARKWAY ROSEBURG, OR 97470 26-3946191	PHYSICIANS	OR	501(C)(3)	9	MMC	Yes	
CENTRAL KANSAS MEDICAL CENTER 3515 BROADWAY GREAT BEND, KS 67530 48-0543724	SURGERY CNTR	KS	501(C)(3)	3	CHI	Yes	
CHI HEALTH CONNECT AT HOME - FARGO 4816 AMBER VALLEY PARKWAY FARGO, ND 58104 27-1966847	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
CHI KENTUCKY INC 3900 OLYMPIC BLVD SUITE 400 ERLANGER, KY 41018 20-2741651	HEALTHCARE	KY	501(C)(3)	11 - Type I	CHI	Yes	
CHI NATIONAL HOME CARE 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 45-1261716	HEALTHCARE	CO	501(C)(3)	11 - Type I	CHINS	Yes	
CHI NATIONAL SERVICES 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 45-2532084	HEALTHCARE	CO	501(C)(3)	9	CHI	Yes	
CHI NEBRASKA 6940 O STREET SUITE 200 LINCOLN, NE 68510 36-3233121	HEALTHCARE	NE	501(C)(3)	11 - Type I	CHI	Yes	
CONTINUING CARE HOSPITAL 150 NORTH EAGLE CREEK DRIVE LEXINGTON, KY 40509 61-1400619	LTACH	KY	501(C)(3)	3	SJHS	Yes	

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
COVENANT HOME CARE 1223 POTTSVILLE PIKE SHOEMAKERSVILLE, PA 19555 23-2018429	HOME HEALTH	PA	501(C)(3)	11 - Type II	NA	Yes	
ENUMCLAW REGIONAL HOSPITAL ASSOCIATION 1450 BATTERSBY AVENUE ENUMCLAW, WA 98022 91-0715805	HEALTHCARE	WA	501(C)(3)	3	FHS	Yes	
FLAGET HEALTHCARE DBA FLAGET MEMORIAL HOSPITAL 4305 NEW SHEPHERDSVILLE ROAD BARDSTOWN, KY 40004 61-1345363	HEALTHCARE	KY	501(C)(3)	3	KOH	Yes	
FLAGET MEMORIAL HOSPITAL FOUNDATION INC 4305 NEW SHEPHERDSVILLE ROAD BARDSTOWN, KY 40004 56-2351341	FUNDRAISING	KY	501(C)(3)	11 - Type I	FH	Yes	
FRANCISCAN FOUNDATION 1717 SOUTH J STREET TACOMA, WA 98405 91-1145592	FUNDRAISING	WA	501(C)(3)	9	FHS	Yes	
FRANCISCAN HEALTH SYSTEM FKA FRANCISCAN HEALTH SYSTEM WEST 1717 SOUTH J STREET TACOMA, WA 98405 91-0564491	HEALTHCARE	WA	501(C)(3)	3	CHI	Yes	
FRANCISCAN MEDICAL GROUP 1708 SOUTH YAKIMA AVENUE TACOMA, WA 98405 91-1939739	HEALTHCARE	WA	501(C)(3)	9	FHS	Yes	
FRANCISCAN VILLA OF SOUTH MILWAUKEE INC 3601 SOUTH CHICAGO AVENUE SOUTH MILWAUKEE, WI 53172 39-1093829	HEALTHCARE	WI	501(C)(3)	9	CHI	Yes	
GETTYSBURG MEDICAL CENTER 606 EAST GARFIELD AVENUE GETTYSBURG, SD 57442 46-0234354	HEALTHCARE	SD	501(C)(3)	3	SMHC	Yes	
GLOBAL HEALTH INITIATIVES 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 20-1536108	MINISTRIES	CO	501(C)(3)	11 - Type I	CHI	Yes	
GOOD SAMARITAN COLLEGE OF NURSING & HEALTH SCIENCE 375 DIXMYTH AVE CINCINNATI, OH 45220 31-1778403	EDUCATION	OH	501(C)(3)	2	GSH	Yes	
GOOD SAMARITAN FOUNDATION OF CINCINNATI INC 619 OAK STREET ACCOUNTING-3 W CINCINNATI, OH 45206 31-1206047	FUNDRAISING	OH	501(C)(3)	11 - Type I	GSH	Yes	
GOOD SAMARITAN HOSPITAL PO BOX 1990 KEARNEY, NE 68848 47-0379755	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	Yes	
GOOD SAMARITAN HOSPITAL FOUNDATION 111 W 31ST STREET KEARNEY, NE 68847 47-0659443	FUNDRAISING	NE	501(C)(3)	7	GSH	Yes	
HEALTH SET 4200 WEST CONEJOS PLACE 436 DENVER, CO 80204 84-1102943	LOW INC CARE	CO	501(C)(3)	7	CHIC	Yes	
HEALTHCARE AND WELLNESS FOUNDATION 2400 ST FRANCIS DRIVE BRECKENRIDGE, MN 56520 76-0761782	FUNDRAISING	MN	501(C)(3)	11 - Type I	SFMC	Yes	
HOSPITAL ASSOCIATION FOR ST JOSEPH HOSPITAL 7601 OSLER DRIVE TOWSON, MD 21204 52-6050777	HEALTHCARE	MD	501(C)(3)	9	SJMC	Yes	
HOUSE OF MERCY 1111 6TH AVENUE DES MOINES, IA 50314 42-1323808	SHELTER	IA	501(C)(3)	7	CHI-IA CORP	Yes	
JEWISH HOSPITAL AND ST MARY'S HEALTHCARE 200 ABRAHAM FLEXNER WAY LOUISVILLE, KY 40202 61-1029768	HEALTHCARE	KY	501(C)(3)	3	KOH	Yes	
JEWISH PHYSICIAN GROUP INC 200 ABRAHAM FLEXNER WAY LOUISVILLE, KY 40215 61-1352729	HEALTHCARE	KY	501(C)(3)	9	JHSMH	Yes	

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
KENTUCKYONE HEALTH INC FKA JH PROPERTIES INC 200 ABRAHAM FLEXNER WAY LOUISVILLE, KY 40202 61-1029769	HEALTHCARE	KY	501(C)(3)	9	CHI	Yes	
LAKEWOOD HEALTH CENTER 600 MAIN AVENUE SOUTH BAUDETTE, MN 56623 41-0758434	HEALTHCARE	MN	501(C)(3)	3	CHI	Yes	
LINUS OAKES INC 2700 STEWART PARKWAY ROSEBURG, OR 97470 93-0821381	SENIOR LIVING	OR	501(C)(3)	9	MMC	Yes	
LISBON AREA HEALTH SERVICES 905 MAIN STREET LISBON, ND 58054 82-0558836	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
MEMORIAL HEALTH CARE SYSTEM FOUNDATION 2525 DE SALES AVENUE CHATTANOOGA, TN 37404 62-1839548	FUNDRAISING	TN	501(C)(3)	7	MHCS	Yes	
MEMORIAL HEALTH CARE SYSTEM INC 2525 DE SALES AVENUE CHATTANOOGA, TN 37404 62-0532345	HEALTHCARE	TN	501(C)(3)	3	CHI	Yes	
MEMORIAL HEALTH PARTNERS FOUNDATION INC 6028 SHALLOWFORD ROAD CHATTANOOGA, TN 37421 03-0417049	HEALTHCARE	TN	501(C)(3)	9	MHCS	Yes	
MERCY AUXILIARY OF CENTRAL IOWA 1111 6TH AVENUE DES MOINES, IA 50314 42-6076069	AUXILIARY	IA	501(C)(3)	11 - Type I	CHI-IA CORP	Yes	
MERCY CLINICS INC 1111 6TH AVENUE DES MOINES, IA 50314 42-1193699	PHYSICIAN	IA	501(C)(3)	9	CHI-IA CORP	Yes	
MERCY COLLEGE OF HEALTH SCIENCES 1111 6TH AVENUE DES MOINES, IA 50314 42-1511682	EDUCATION	IA	501(C)(3)	2	CHI-IA CORP	Yes	
MERCY FOUNDATION OF DES MOINES IA 1111 6TH AVENUE DES MOINES, IA 50314 23-7358794	FUNDRAISING	IA	501(C)(3)	7	CHI-IA CORP	Yes	
MERCY FOUNDATION INC 2700 STEWART PARKWAY ROSEBURG, OR 97470 93-6088946	FUNDRAISING	OR	501(C)(3)	7	MMC	Yes	
MERCY HEALTH CARE FOUNDATION PO BOX 368 CORNING, IA 50841 42-1461064	FUNDRAISING	NE	501(C)(3)	11 - Type I	AHMH	Yes	
MERCY HEALTHCARE FOUNDATION 570 CHAUTAUQUA BOULEVARD VALLEY CITY, ND 58072 45-0226553	FUNDRAISING	ND	501(C)(3)	11 - Type I	MHVC	Yes	
MERCY HOSPITAL FOUNDATION COUNCIL BLUFFS 800 MERCY DRIVE COUNCIL BLUFFS, IA 51503 42-1178204	FUNDRAISING	IA	501(C)(3)	11 - Type I	AHBMHS	Yes	
MERCY HOSPITAL OF DEVILS LAKE 1031 SEVENTH STREET NE DEVILS LAKE, ND 58301 45-0227012	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
MERCY HOSPITAL OF VALLEY CITY 570 CHAUTAUQUA BOULEVARD VALLEY CITY, ND 58072 45-0226553	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
MERCY MEDICAL CENTER 2700 STEWART PARKWAY ROSEBURG, OR 97470 93-0386868	HEALTHCARE	OR	501(C)(3)	3	CHI	Yes	
MERCY MEDICAL CENTER 1301 15TH AVENUE WEST WILLISTON, ND 58801 45-0231183	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
CATHOLIC HEALTH INITIATIVES-IOWA CORP DBA MERCY MEDICAL CENTER-DES MOINES 1111 6TH AVENUE DES MOINES, IA 50314 42-0680448	HEALTHCARE	IA	501(C)(3)	3	CHI	Yes	

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
MERCY MEDICAL FOUNDATION 1301 15TH AVENUE WEST WILLISTON, ND 58801 45-0381803	FUNDRAISING	ND	501(C)(3)	11 - Type I	MMC	Yes	
MERCY PROFESSIONAL PRACTICE ASSOCIATES INC 1111 6TH AVENUE DES MOINES, IA 50314 42-1470935	PHYSICIAN	IA	501(C)(3)	9	CHI-IA CORP	Yes	
MLIFECARES 2727 MCCLELLAND BLVD JOPLIN, MO 64804 43-1305163	PROPERTY MGMT	MO	501(C)(3)	11 - Type I	SJRMC	Yes	
MNMCH INC 220 NORTH PENNSYLVANIA COLUMBUS, KS 66725 48-1216238	HEALTHCARE	KS	501(C)(3)	3	SJRMC	Yes	
MT ST JOSEPH INC 3060 SE STARK STREET PORTLAND, OR 97214 93-0386870	NURSING CARE	OR	501(C)(3)	9	CHI	Yes	
NEBRASKA HEART HOSPITAL 7500 SOUTH 91ST STREET LINCOLN, NE 68526 39-2031968	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	Yes	
OAKES COMMUNITY HOSPITAL 314 SOUTH 8TH STREET OAKES, ND 58474 45-0231675	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
OAKES COMMUNITY HOSPITAL FOUNDATION 1200 N 7TH STREET OAKES, ND 58474 71-0966606	FUNDRAISING	ND	501(C)(3)	11 - Type I	OCH	Yes	
PUEBLO STEPUP 1925 EAST ORMAN AVE SUITE G52 PUEBLO, CO 81004 84-1234295	COMMUNITY	CO	501(C)(3)	7	CHIC	Yes	
SET OF COLORADO SPRINGS INC 825 E PIKES PEAK AVENUE BLDG 29 COLORADO SPRINGS, CO 80903 84-1183335	LTERM CARE	CO	501(C)(3)	7	CHIC	Yes	
SAINT CLARE'S COMMUNITY CARE 25 POCONO ROAD DENVILLE, NJ 07834 22-2876836	HEALTHCARE	NJ	501(C)(3)	11 - Type II	SCHS	Yes	
SAINT CLARE'S FOUNDATION INC 25 POCONO ROAD DENVILLE, NJ 07834 22-2502997	FUNDRAISING	NJ	501(C)(3)	7	SCHS	Yes	
SAINT CLARE'S HEALTH SERVICES INC 25 POCONO ROAD DENVILLE, NJ 07834 22-3639733	MANAGEMENT	NJ	501(C)(3)	7	CHI	Yes	
SAINT CLARE'S HOSPITAL 25 POCONO ROAD DENVILLE, NJ 07834 22-3319886	HEALTHCARE	NJ	501(C)(3)	3	SCHS	Yes	
SAINT ELIZABETH FOUNDATION 555 SOUTH 70TH STREET LINCOLN, NE 68510 47-0625523	FUNDRAISING	NE	501(C)(3)	7	SERMC	Yes	
SAINT ELIZABETH HEALTH SERVICES 555 SOUTH 70TH STREET LINCOLN, NE 68510 36-3233120	HEALTHCARE	NE	501(C)(3)	3	SERMC	Yes	
SAINT ELIZABETH REGIONAL MEDICAL CENTER 555 SOUTH 70TH STREET LINCOLN, NE 68510 47-0379836	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	Yes	
SAINT FRANCIS MEDICAL CENTER 2620 WEST FAIDLEY GRAND ISLAND, NE 68803 47-0376601	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	Yes	
SAINT FRANCIS MEDICAL CENTER FOUNDATION PO BOX 9804 GRAND ISLAND, NE 68802 47-0630267	FUNDRAISING	NE	501(C)(3)	7	SFMC	Yes	
SAINT JOSEPH BEREA HOSPITAL FOUNDATION INC 305 ESTILL STREET BEREA, KY 40403 26-0152877	FUNDRAISING	KY	501(C)(3)	7	SJHS	Yes	

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
SAINT JOSEPH HEALTH SYSTEM INC 424 LEWIS HARGETT CIRCLE 160 LEXINGTON, KY 40509 61-1334601	HEALTHCARE	KY	501(C)(3)	3	CHI	Yes	
SAINT JOSEPH LONDON FOUNDATION INC 310 EAST NINTH STREET LONDON, KY 40741 26-0438748	FUNDRAISING	KY	501(C)(3)	11 - Type I	SJHS	Yes	
SAINT JOSEPH MEDICAL FOUNDATION INC ONE ST JOSEPH DRIVE LEXINGTON, KY 40504 31-1539059	PHY PRACTICES	KY	501(C)(3)	3	SJHS	Yes	
SAINT JOSEPH MOUNT STERLING FOUNDATION INC 50 STERLING AVENUE MOUNT STERLING, KY 40353 27-2884584	FUNDRAISING	KY	501(C)(3)	7	SJHS	Yes	
SAINT JOSEPH'S HOSPITAL FOUNDATION 30 WEST 7TH STREET DICKINSON, ND 58601 36-3418207	FUNDRAISING	ND	501(C)(3)	11 - Type I	SJHHC	Yes	
SAMARITAN BEHAVIORAL HEALTH 601 S EDWIN C MOSES BLVD DAYTON, OH 45408 02-0633634	HEALTHCARE	OH	501(C)(3)	3	SHP	Yes	
SAMARITAN HEALTH FOUNDATION 2222 PHILADELPHIA DRIVE DAYTON, OH 45406 23-7296923	FUNDRAISING	OH	501(C)(3)	7	SHP	Yes	
SAMARITAN HEALTH PARTNERS 2222 PHILADELPHIA DRIVE DAYTON, OH 45406 31-1107411	HEALTHCARE	OH	501(C)(3)	11 - Type I	CHI	Yes	
SJMGROUP 2727 MCCLELLAND BLVD JOPLIN, MO 64804 43-1882377	PHYS PRACTICE	MO	501(C)(3)	9	SJRMC	Yes	
SJRMC JOPLIN MISSOURI 2727 MCCLELLAND BLVD JOPLIN, MO 64804 44-0545809	HEALTHCARE	MO	501(C)(3)	3	CHI	Yes	
ST JOSEPH HEALTH MINISTRIES 1929 LINCOLN HWY E STE 150 LANCASTER, PA 17602 23-2342997	HEALTH	PA	501(C)(3)	11 - Type I	CHI	Yes	
ST ANTHONY HOSPITAL 1601 SE COURT AVENUE PENDLETON, OR 97801 93-0391614	HEALTHCARE	OR	501(C)(3)	3	CHI	Yes	
ST ANTHONY HOSPITAL FOUNDATION 1601 SE COURT AVENUE PENDLETON, OR 97801 93-0992727	FUNDRAISING	OR	501(C)(3)	11 - Type I	SA HOSPITAL	Yes	
ST ANTHONY'S HOSPITAL ASSOCIATION FOUR HOSPITAL DRIVE MORRILTON, AR 72110 71-0245507	HEALTHCARE	AR	501(C)(3)	3	SVIMC	Yes	
ST CATHERINE HOSPITAL 401 EAST SPRUCE STREET GARDEN CITY, KS 67846 48-0543721	HEALTHCARE	KS	501(C)(3)	3	CHI	Yes	
ST CATHERINE HOSPITAL DEVELOPMENT FOUNDATION 401 EAST SPRUCE STREET GARDEN CITY, KS 67846 20-0598702	FUNDRAISING	KS	501(C)(3)	11 - Type I	SCH	Yes	
ST DOMINIC OF ONTARIO OREGON 351 SW 9TH STREET ONTARIO, OR 97914 93-0433692	HEALTHCARE	OR	501(C)(3)	3	CHI	Yes	
ST FRANCIS HOME 2400 ST FRANCIS DRIVE BRECKENRIDGE, MN 56520 41-0729978	LTERM CARE	MN	501(C)(3)	9	CHI	Yes	
ST FRANCIS LIFE CARE CORPORATION 19 POCONO ROAD DENVILLE, NJ 07834 22-2536017	ELDERLY CARE	NJ	501(C)(3)	9	SCHS	Yes	
ST FRANCIS MEDICAL CENTER 2400 ST FRANCIS DRIVE BRECKENRIDGE, MN 56520 41-0695598	HEALTHCARE	MN	501(C)(3)	3	CHI	Yes	

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
ST FRANCIS OF BAKER CITY 3325 POCAHONTAS ROAD BAKER CITY, OR 97814 93-0412495	HEALTHCARE	OR	501(C)(3)	3	CHI	Yes	
ST JOHN'S MERCY REGIONAL FOUNDATION 2727 MCCLELLAND BLVD JOPLIN, MO 64804 43-1308084	FUNDRAISING	MO	501(C)(3)	7	SJRMC	Yes	
ST JOSEPH COMMUNITY HEALTH 300 CENTRAL AVE SW SUITE 3000 ALBUQUERQUE, NM 87102 71-0897107	COMMUNITY	NM	501(C)(3)	11 - Type I	CHI	Yes	
ST JOSEPH HOSPITAL FOUNDATION INC 305 ESTILL STREET LEXINGTON, KY 40504 61-1159649	FUNDRAISING	KY	501(C)(3)	11 - Type I	SJHS	Yes	
ST JOSEPH MEDICAL CENTER FOUNDATION 2500 BERNVILLE ROAD PO BOX 316 READING, PA 19603 23-2649362	FUNDRAISING	PA	501(C)(3)	11 - Type I	SJRHN	Yes	
ST JOSEPH MEDICAL CENTER FOUNDATION INC 7601 OSLER DRIVE TOWSON, MD 21204 52-1681044	FUNDRAISING	MD	501(C)(3)	7	SJMC	Yes	
ST JOSEPH MEDICAL CENTER INC 7601 OSLER DRIVE TOWSON, MD 21204 52-0591461	HEALTHCARE	MD	501(C)(3)	3	CHI	Yes	
ST JOSEPH MEDICAL GROUP 2500 BERNVILLE ROAD PO BOX 316 READING, PA 19603 20-8544021	HEALTHCARE	PA	501(C)(3)	9	BHC	Yes	
ST JOSEPH PHYSICIAN ENTERPRISES 7601 OSLER DRIVE TOWSON, MD 21204 52-1311775	PHYSICIANS	MD	501(C)(3)	11 - Type I	SJMC	Yes	
ST JOSEPH REGIONAL HEALTH NETWORK 2500 BERNVILLE ROAD PO BOX 316 READING, PA 19603 23-1352211	HEALTHCARE	PA	501(C)(3)	3	CHI	Yes	
ST JOSEPH'S AREA HEALTH SERVICES 600 PLEASANT AVENUE PARK RAPIDS, MN 56470 41-0695603	HEALTHCARE	MN	501(C)(3)	3	CHI	Yes	
ST JOSEPH'S HOSPITAL AND HEALTH CENTER 30 WEST 7TH STREET DICKINSON, ND 58601 45-0226429	HEALTHCARE	ND	501(C)(3)	3	CHI	Yes	
MERCY MEDICAL CENTER - CENTERVILLE ONE ST JOSEPHS DRIVE CENTERVILLE, IA 52544 42-0680308	HEALTHCARE	IA	501(C)(3)	3	CHI-IA CORP	Yes	
ST MARY'S COMMUNITY HOSPITAL 1314 3RD AVENUE NEBRASKA CITY, NE 68410 47-0443636	HEALTHCARE	NE	501(C)(3)	3	CHI NEBRASKA	Yes	
ST MARY'S HEALTHCARE CENTER 801 EAST SIOUX AVENUE PIERRE, SD 57501 46-0230199	HEALTHCARE	SD	501(C)(3)	3	CHI	Yes	
ST MARY'S HOSPITAL FOUNDATION 1314 3RD AVENUE NEBRASKA CITY, NE 68410 47-0707604	FUNDRAISING	NE	501(C)(3)	7	SMH	Yes	
ST VINCENT FOUNDATION TWO ST VINCENT CIRCLE LITTLE ROCK, AR 72205 51-0169537	FUNDRAISING	AR	501(C)(3)	11 - Type I	SVIMC	Yes	
ST VINCENT INFIRMARY MEDICAL CENTER TWO ST VINCENT CIRCLE LITTLE ROCK, AR 72205 71-0236917	HEALTHCARE	AR	501(C)(3)	3	CHI	Yes	
ST VINCENT MEDICAL GROUP TWO ST VINCENT CIRCLE LITTLE ROCK, AR 72205 71-0830696	HEALTHCARE	AR	501(C)(3)	9	SVIMC	Yes	
THE COMMUNITY LIMITED CARE DIALYSIS CENTER 619 OAK STREET ACCOUNTING-3 W CINCINNATI, OH 45206 23-7419853	DIALYSIS	OH	501(C)(2)	N/A	GSH	Yes	

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
THE GOOD SAMARITAN HOSPITAL OF CINCINNATI OH 619 OAK STREET ACCOUNTING-3 W CINCINNATI, OH 45206 31-0537486	HEALTHCARE	OH	501(C)(3)	3	CHI	Yes	
THE MERCY HOSPITAL OF DEVILS LAKE FDN 1031 SEVENTH STREET NE DEVILS LAKE, ND 58301 35-2367360	FUNDRAISING	ND	501(C)(3)	7	MHDL	Yes	
THE PHYSICIAN NETWORK 2000 Q STREET SUITE 500 LINCOLN, NE 68503 47-0780857	PHYS PRACTICE	NE	501(C)(3)	11 - Type I	CHI NEBRASKA	Yes	
TOTAL HEALTHCARE 188 INVERNESS DRIVE WEST SUITE 500 ENGLEWOOD, CO 80112 84-0927232	HEALTHCARE	CO	501(C)(3)	3	CHIC	Yes	
UNITY FAMILY HEALTHCARE 815 2ND STREET SE LITTLE FALLS, MN 56345 41-0721642	HEALTHCARE	MN	501(C)(3)	3	CHI	Yes	
VILLA NAZARETH INC 801 PAGE DRIVE FARGO, ND 58103 45-0226714	LT CARE	ND	501(C)(3)	9	CHI	Yes	
VISITING NURSE ASSOCIATION OF SAINT CLARE'S 191 WOODPORT ROAD SPARTA, NJ 07871 22-1768334	HOME HEALTH	NJ	501(C)(3)	9	SCHS	Yes	

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income ($)	(g) Share of end-of-year assets ($)	(h) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1 ($)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
AUDUBON LAND COMPANY LLC 5390 N ACADEMY BLVD SUITE 300 COLORADO SPRINGS, CO 80918 84-1513085	REAL ESTATE	CO	CHIC	RELATED	34,991	-694,032		No			No	50 1 %
AVANTAS LLC 11128 JOHN GALT BLVD SUITE 400 OMAHA, NE 68137 39-2045003	HEALTHCARE	NE	AHBMHS	RELATED	-2,862,040	-2,537,888		No			No	95 %
BERYWOOD OFFICE PROPERTIES LLC 400 BERYWOOD TRAIL CLEVELAND, TN 37312 62-1875199	PHYS OFFICE	TN	MHCS	RELATED	57,545	1,013,237		No		Yes		63 %
BLUEGRASS REGIONAL IMAGING CENTER 1218 SOUTH BROADWAY SUITE 310 LEXINGTON, KY 40504 61-1386736	DIAGNOSTIC	KY	SJHS	RELATED				No			No	65 %
CENTRAL NEBRASKA HOME CARE SERVICES PO BOX 1146-4510 SECOND AVENUE KEARNEY, NE 68848 47-0692112	HEALTHCARE SRVC	NE	NA	RELATED	-92,336	745,068		No		Yes		1 00 %
CENTRAL NEBRASKA REHAB SERVICE 3004 W FAIDLEY AVE GRAND ISLAND, NE 68802 81-0653461	PHYSICAL THERAPY	NE	SFMC	RELATED	1,835,812	2,199,571		No			No	51 %
CHI OPERATING INVESTMENT PROGRAM LP 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 47-0727942	INVESTMENTS	CO	CHI	UNRELATED	397,241,271	6,272,650,880		No		Yes		1 00 %
HEALTHCARE SUPPORT SERVICES PO BOX 9804 GRAND ISLAND, NE 68802 72-1546196	LAUNDRY	NE	NA	RELATED	-11,179	3,069,835		No			No	1 00 %
MRI AT ST JOESPH MEDICAL CENTER LLC 7253 AMBASSADOR ROAD BALTIMORE, MD 21244 52-1958002	MEDICAL IMAGING	MD	SJMC	RELATED	423,167	2,174,155		No		Yes		51 %
NORTH RIVER SURGERY CENTER LLC 2209 WILDWOOD AVENUE SHERWOOD, AR 72120 71-0799771	AMBUL SURG CTR	AR	SVIMC	RELATED	81,071	1,077,536		No			No	57 44 %
O'DEA MEDICAL ARTS LIMITED PARTNERSHIP 7601 OSLER DRIVE TOWSON, MD 21204 52-1682964	REAL ESTATE	MD	TOWSON MANAGEMENT INC	RELATED	111,933	5,418,117		No			No	65 122 %
ORTHOCOLORADO LLC 11650 WEST 2ND PLACE LAKEWOOD, CO 80255 37-1577105	ORTHO HOSPITAL	CO	CHIC	RELATED	-3,249,434	-2,760,206		No			No	60 %
PENINSULA RADIATION ONCOLOGY 315 MARTIN LUTHER KING JR WAY 111 TACOMA, WA 98405 71-0799771	HEALTHCARE SRVC	WA	FHS	RELATED	135,014	85,985		No			No	60 %
PENRAD IMAGING 1390 KELLY JOHNSON BLVD COLORADO SPRINGS, CO 80920 84-1072619	MEDICAL IMAGING	CO	CHIC	RELATED	715,094	2,397,488		No			No	70 %
RUXTON SURGICENTER LLC 8322 BELLONA AVENUE SUITE 201 BALTIMORE, MD 21204 52-2095835	SURGERY CENTER	MD	SJMC	RELATED	-69,345	2,802,932		No		Yes		51 %

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income ($)	(g) Share of end-of-year assets ($)	(h) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1 ($)	(j) General or Managing Partner?		(k) Percentage ownership
							Yes	No		Yes	No	
SAINT JOSEPH - SCA HOLDINGS LLC 424 LEWIS HARGETT CIRCLE STE 160 LEXINGTON, KY 40503 45-3801157	OP SURGERY	DE	SJHS	RELATED				No		Yes		51 %
SCA PREMIER SURGERY CENTER OF LOUISVILLE LLC 200 ABRAHAM FLEXNER WAY LOUISVILLE, KY 40202 72-1386840	SURGERY CENTER	KY	JH	RELATED	68,676	446,063		No		Yes		51 %
ST FRANCIS LAND COMPANY 5390 N ACADEMY BLVD SUITE 300 COLORADO SPRINGS, CO 80918 26-3134100	REAL ESTATE	CO	CHIC	RELATED	-130,967	408,090		No			No	51 %
ST FRANCIS MEDICAL CENTER ASSOCIATES 1717 SOUTH J STREET TACOMA, WA 98405 91-1352698	MED OFFICE	WA	FHS	RELATED	110,986	1,672,098		No			No	54 21 %
ST JOSEPH-PAML LLC 424 LEWIS HARGETT CIRCLE STE 160 LEXINGTON, KY 40503 45-2116736	MGMT SVCS	KY	SJHS	RELATED				No		Yes		62 5 %
SUPERIOR MEDICAL IMAGING LLC 5000 NORTH 26TH STREET LINCOLN, NE 68521 26-2884555	OP DIAGNOSTICS	NE	SERMC	RELATED	-254,775	796,941		No	0		No	51 %
SURGERY CENTER OF LEXINGTON LLC 424 LEWIS HARGETT CIRCLE STE 160 LEXINGTON, KY 40503 62-1179539	SURGERY CENTER	DE	SJHS	RELATED	393,519	2,214,599		No		Yes		51 %
SURGERY CENTER OF LOUISVILLE LLC 200 ABRAHAM FLEXNER WAY LOUISVILLE, KY 40202 62-1179537	SURGERY CENTER	KY	JH	RELATED	-3,676	395,845		No		Yes		51 %

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

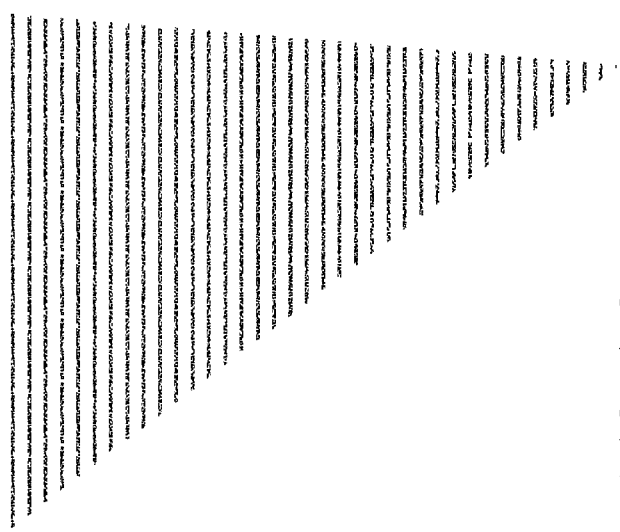
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income ($)	(g) Share of end-of-year assets ($)	(h) Percentage ownership
ALTERNATIVE INSURANCE MANAGEMENT SERVICE 3900 OLYMPIC BOULEVARD SUITE 400 ERLANGER, KY 41018 84-1112049	MANAGEMENT SERVICES	CO	CHI	C CORPORATION	0	3,267,441	1 00 %
AMERICAN NURSING CARE 1700 EDISON DRIVE MILFORD, OH 45150 31-1085414	HOME HEALTH	OH	CHS	C CORPORATION	4,648,726	44,654,199	1 00 %
AMERIMED INC 1700 EDISON DRIVE MILFORD, OH 45150 31-1158699	HOME HEALTH	OH	ANC	C CORPORATION	662,062	11,666,874	1 00 %
BC HOLDING COMPANY INC 1850 BLUEGRASS AVE LOUISVILLE, KY 40215 31-1542851	FITNESS CLUB	KY	JH	C CORPORATION	0	0	1 00 %
CADUCEUS MEDICAL ASSOCIATES INC 5600 BRAINERD ROAD SUITE 500 CHATTANOOGA, TN 37411 62-1570736	HEALTHCARE	TN	MHCS	C CORPORATION	0	1,008	1 00 %
CAPTIVE MANAGEMENT INITIATIVES PO BOX 10073 APO GEORGETOWN,GRAND CAYMAN KY1-1001 CJ 98-0663022	CAPTIVE MANAGEMENT	CJ	CHI	C CORPORATION	0	0	1 00 %
CATHOLIC HEALTH INITIATIVES CENTER FOR TRANSLATIONAL RESEARCH 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 27-2269511	RESEARCH	CO	CIRI	TRUST	-2,864,605	2,809,707	1 00 %
CGH REALTY COMPANY INC 215 N 12TH ST READING, PA 19603 23-2326801	REAL ESTATE	PA	SJHM	C CORPORATION			1 00 %
COMCARE SERVICES 4231 W 16TH AVENUE DENVER, CO 80204 84-0904813	INACTIVE	CO	CHIC	C CORPORATION	0	0	1 00 %
CONSOLIDATED HEALTH SERVICES 1700 EDISON DRIVE MILFORD, OH 45150 31-1378212	HOME HEALTH	OH	CHI	C CORPORATION	-1,525,246	65,844,862	1 00 %
DAVID DEYLE CHARITABLE REMAINDER UNITRUST PO BOX 1810 KEARNEY, NE 68848 47-6192395	INVESTMENTS	NE	GSHF	TRUST			1 00 %
DES MOINES MEDICAL CENTER INC 1111 6TH AVENUE DES MOINES, IA 50314 42-0837382	REAL ESTATE	IA	CHI-IA CORP	C CORPORATION	71,497	1,221,667	92 98 %
FIRST INITIATIVES INSURANCE LTD PO BOX 10073 APO GEORGETOWN,GRAND CAYMAN KY1-1001 CJ 98-0203038	INSURANCE	CJ	CHI	C CORPORATION	0	0	1 00 %
FRANCISCAN SERVICES INC 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 23-2487967	HEALTHCARE	CO	CHI	C CORPORATION	-5,719	5,837,142	1 00 %
GOOD SAMARITAN OUTREACH SERVICES PO BOX 1990 KEARNEY, NE 68848 47-0659440	MEDICAL CLINIC	NE	CHI NEBRASKA	C CORPORATION	-165,666	355,110	1 00 %
HAROLD W RASE 1995 CHARITABLE UNITRUST 30 WEST 7TH STREET DICKINSON, ND 58601 45-6090420	INVESTMENTS	ND	SJHHC	TRUST	1,240	22,148	1 00 %
HAROLD W RASE 1996 CHARITABLE UNITRUST 30 WEST 7TH STREET DICKINSON, ND 58601 20-6037112	INVESTMENTS	ND	SJHHC	TRUST	1,057	15,462	1 00 %
HAROLD W RASE 1997 CHARITABLE UNITRUST 30 WEST 7TH STREET DICKINSON, ND 58601 20-6037104	INVESTMENTS	ND	SJHHC	TRUST	0	20,520	1 00 %
HAROLD W RASE 1999 CHARITABLE UNITRUST 30 WEST 7TH STREET DICKINSON, ND 58601 20-6037099	INVESTMENTS	ND	SJHHC	TRUST	0	25,036	1 00 %
HEALTH SYSTEMS ENTERPRISES INC PO BOX 1990 KEARNEY, NE 68848 47-0664558	MANAGEMENT	NE	GSH	C CORPORATION	102,136	1,443,049	1 00 %

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income ($)	(g) Share of end-of-year assets ($)	(h) Percentage ownership
HEALTHCARE MGMT SERVICES ORG INC 1149 MARKET ST TACOMA, WA 98402 91-1865474	HEALTH ORG	WA	FHS	C CORPORATION	0	0	1 00 %
JAMES & HENRIETTA NISTLER UNITRUST 30 WEST 7TH STREET DICKINSON, ND 58601 20-6021899	INVESTMENTS	ND	SJHHC	TRUST	692	39,075	1 00 %
JEANNE DEYLE CHARITABLE REMAINDER UNITRUST PO BOX 1810 KEARNEY, NE 68848 47-6192398	INVESTMENTS	NE	GSHF	TRUST			1 00 %
JOSEPH A SCHUSTER ANNUITY TRUST #1 400 UNIVERSITY AVENUE DES MOINES, IA 50314 42-1195122	INVESTMENTS	IA	MFDM	TRUST	7,834	416,349	1 00 %
LODESCA MILLER CHARITABLE REMAINDER UNITRUST PO BOX 1810 KEARNEY, NE 68848 47-6186933	INVESTMENTS	NE	GSHF	TRUST			1 00 %
MEDQUEST 1301 15TH AVENUE WEST WILLISTON, ND 58801 45-0392137	SALE OF DME	ND	MMC WILLISTON	C CORPORATION	151,498	962,554	1 00 %
MERCY PARK APARTMENTS LTD 1111 6TH AVENUE DES MOINES, IA 50314 42-1202422	HOUSING	IA	CHI-IA CORP	C CORPORATION	369,905	1,937,220	1 00 %
MERCY SERVICES CORP 2700 STEWART PARKWAY ROSEBURG, OR 97470 93-0824308	RETAIL SALES	OR	MMC	C CORPORATION	0	956,003	1 00 %
MHSERVICES CORPORATION 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 43-1457881	DME	MO	SJRMC	C CORPORATION	-4,061	0	1 00 %
MOUNTAIN MANAGEMENT SERVICES INC 5600 BRAINERD ROAD SUITE 500 CHATTANOOGA, TN 37411 62-1570739	MGMT SVC ORG	TN	MHCS	C CORPORATION	-33,152	4,679,435	1 00 %
NAZARETH ASSURANCE COMPANY PO BOX 10073 APO GEORGETOWN,GRAND CAYMAN KY1-1001 CJ 03-0304831	INSURANCE	CJ	CHI	C CORPORATION	0	0	1 00 %
PATIENT TRANSPORT SERVICES INC 1700 EDISON DRIVE MILFORD, OH 45150 31-1100798	HOME HEALTH	OH	ANC	C CORPORATION	479,940		1 00 %
PHYSICIAN HEALTH SYSTEM NETWORK 1149 MARKET ST TACOMA, WA 98402 91-1746721	HEALTH ORG	WA	FHS	C CORPORATION	0	0	1 00 %
RAY & SHIRLEY DAVID 1999 UNITRUST 30 WEST 7TH STREET DICKINSON, ND 58601 20-6037077	INVESTMENTS	ND	SJHHC	TRUST	0	26,110	1 00 %
ROBERT & WANDA CHARITABLE REMAINDER UNITRUST PO BOX 1810 KEARNEY, NE 68848 26-6191916	INVESTMENTS	NE	GSHF	TRUST			1 00 %
SAINT CLARE'S PRIMARY CARE INC 66 FORD ROAD DENVILLE, NJ 07834 22-2441202	BILLING SERVICES	NJ	SCCC	C CORPORATION	-469,962	1,772,016	1 00 %
SAMARITAN FAMILY CARE INC 40 W FOURTH ST 1700 DAYTON, OH 45402 31-1299450	HEALTHCARE	OH	SHP	C CORPORATION			1 00 %
SJH SERVICES CORPORATION 198 INVERNESS DRIVE WEST ENGLEWOOD, CO 80112 23-2307408	HEALTHCARE	CO	FSI	C CORPORATION	-192,777	2,973,858	1 00 %
SJL PHYSICIAN MANAGEMENT SERVICES INC 424 LEWIS HARGETT CR 160 LEXINGTON, KY 40503 27-0164198	MANAGEMENT	KY	SJHS	C CORPORATION	0	0	1 00 %
ST ANTHONY DEVELOPMENT COMPANY 1415 SOUTHGATE PENDLETON, OR 97801 93-1216943	ATHLETIC CLUB	OR	SAH	C CORPORATION	92,139	3,007,550	1 00 %

Form 990, Schedule R, Part IV - Identification of Related Organizations Taxable as a Corporation or Trust

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income ($)	(g) Share of end-of-year assets ($)	(h) Percentage ownership
ST VINCENT COMMUNITY HEALTH SERVICES INC TWO ST VINCENT CIRCLE LITTLE ROCK, AR 72205 71-0710785	HEALTHCARE	AR	SVIMC	C CORPORATION	2,804,485	14,049,374	1 00 %
ST JOSEPH DEVELOPMENT COMPANY INC 1717 SOUTH J STREET TACOMA, WA 98405 91-1480569	RENTAL	WA	FSI	C CORPORATION	63,164	11,845,439	1 00 %
ST JOSEPH OFFICE PARK ASSOCIATION 1401 HARRODSBURG ROAD BLDG B70 LEXINGTON, KY 40504 61-1079899	MANAGEMENT	KY	SJHS	C CORPORATION		882,139	85 %
TOM DEYLE CHARITABLE REMAINDER UNITRUST PO BOX 1810 KEARNEY, NE 68848 47-6192393	INVESTMENTS	NE	GSHF	TRUST			1 00 %
TOWSON MANAGEMENT INC 7601 OSLER DRIVE TOWSON, MD 21204 52-1710750	MANAGEMENT SERVICES	MD	FSI	C CORPORATION		266,960	1 00 %



Consolidated Financial Statements and Supplemental Information

Catholic Health Initiatives
Years Ended June 30, 2012 and 2011
With Report of Independent Auditors

Ernst & Young LLP

ERNST & YOUNG

Catholic Health Initiatives
Consolidated Financial Statements
and Supplemental Information

Years Ended June 30, 2012 and 2011

Contents

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Report of Independent Auditors

Board of Stewardship Trustees
Catholic Health Initiatives

We have audited the accompanying consolidated balance sheets of Catholic Health Initiatives (CHI) as of June 30, 2012 and 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of CHI's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Alegent Health-Bergan Mercy Health System, a wholly sponsored direct affiliate of CHI, which statements reflect total assets of $716 million and $708 million as of June 30, 2012 and 2011, respectively, and total revenues of $452 million and $466 million, respectively, for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Alegent Health-Bergan Mercy Health System, is based solely on the report of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of CHI's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CHI's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Catholic Health Initiatives at June 30, 2012 and 2011, and the consolidated results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

September 18, 2012

Catholic Health Initiatives
Consolidated Balance Sheets

	June 30 2012	June 30 2011
	(In Thousands)	
Assets		
Current assets:		
Cash and equivalents	**$ 403,972**	$ 449,674
Net patient accounts receivable, less allowances of $687,631 and $636,815 in 2012 and 2011, respectively	**1,353,928**	1,090,882
Other accounts receivable	**116,607**	105,361
Current portion of investments and assets limited as to use	**1,901**	19,554
Inventories	**185,571**	163,387
Assets held for sale	**474,990**	497,545
Prepaid and other	**87,179**	68,214
Total current assets	**2,624,148**	2,394,617
Investments and assets limited as to use:		
Internally designated for capital and other funds	**4,588,519**	4,617,181
Mission and Ministry Fund	**110,918**	117,832
Capital Resource Pool	**320,218**	268,690
Held by trustees	**228**	229
Held for insurance purposes	**745,127**	739,071
Restricted by donors	**171,123**	146,569
Total investments and assets limited as to use	**5,936,133**	5,889,572
Property and equipment, net	**5,347,475**	4,546,748
Deferred financing costs	**28,717**	23,699
Investments in unconsolidated organizations	**307,918**	343,640
Intangible assets and goodwill, net	**162,880**	55,617
Notes receivable and other	**605,113**	639,466
Total assets	**$ 15,012,384**	$ 13,893,359

Continued on following page

Catholic Health Initiatives
Consolidated Balance Sheets (continued)

	June 30	
	2012	**2011**
	(In Thousands)	
Liabilities and net assets		
Current liabilities:		
Compensation and benefits	**$ 418,597**	$ 384,095
Third-party liabilities	**76,660**	62,034
Accounts payable and accrued expenses	**718,897**	585,750
Liabilities held for sale	**103,633**	104,611
Variable-rate debt with self liquidity	**321,455**	163,400
Commercial paper and current portion of debt	**643,083**	836,201
Total current liabilities	**2,282,325**	2,136,091
Pension liability	**892,820**	315,523
Self-insured reserves and claims	**513,584**	448,940
Other liabilities	**236,763**	215,231
Long-term debt	**3,778,709**	3,135,225
Total liabilities	**7,704,201**	6,251,010
Net assets:		
Net assets attributable to CHI	**6,922,466**	7,448,161
Net assets attributable to noncontrolling interests	**180,863**	8,967
Unrestricted	**7,103,329**	7,457,128
Temporarily restricted	**136,821**	122,795
Permanently restricted	**68,033**	62,426
Total net assets	**7,308,183**	7,642,349
Total liabilities and net assets	**$ 15,012,384**	$ 13,893,359

See accompanying notes

Catholic Health Initiatives
Consolidated Statements of Operations

	Year Ended June 30	
	2012	**2011**
	(In Thousands)	
Revenues:		
Net patient services	**$ 9,223,859**	$ 8,316,852
Nonpatient		
Donations	**27,968**	23,425
Changes in equity of unconsolidated organizations	**22,934**	33,835
Investment income used in operations	**37,169**	30,475
Other	**532,341**	431,863
Total nonpatient revenues	**620,412**	519,598
Total operating revenues	**9,844,271**	8,836,450
Expenses:		
Salaries and wages	**3,776,388**	3,339,440
Employee benefits	**749,055**	700,293
Purchased services, medical professional fees, consulting and legal	**925,427**	750,323
Supplies	**1,566,367**	1,431,037
Bad debts	**709,654**	691,218
Utilities	**120,205**	105,777
Rentals, leases, maintenance and insurance	**523,076**	462,786
Depreciation and amortization	**473,773**	434,652
Interest	**129,648**	117,179
Other	**511,125**	464,615
Total operating expenses before restructuring, impairment and other losses	**9,484,718**	8,497,320
Income from operations before restructuring, impairment and other losses	**359,553**	339,130
Restructuring, impairment and other losses	**47,735**	20,363
Income from operations	**311,818**	318,767
Nonoperating gains (losses):		
Investment income, net	**19,829**	803,554
Loss on defeasance of bonds	**(70,555)**	–
Realized and unrealized losses on interest rate swaps	**(153,411)**	(4,870)
Other nonoperating (losses) gains	**(12,215)**	16,462
Total nonoperating (losses) gains	**(216,352)**	815,146
Excess of revenues over expenses	**$ 95,466**	$ 1,133,913
Excess of revenues over expenses attributable to noncontrolling interest	**$ 537**	$ 3,298
Excess of revenues over expenses attributable to CHI	**$ 94,929**	$ 1,130,615

Community benefit provided to the poor and broader community and the unpaid cost of Medicare (unaudited) was $1.1 billion in each of 2012 and 2011 (see Note 2 of the accompanying notes)

Catholic Health Initiatives
Consolidated Statements of Changes in Net Assets
(In Thousands)

	Unrestricted Net Assets					
	Attributable to CHI	Attributable to Noncontrolling Interests	Total	Temporarily Restricted Net Assets	Permanently Restricted Net Assets	Total Net Assets
Balances, June 30, 2010	$ 5,875,377	$ 8,204	$ 5,883,581	$ 112,207	$ 53,408	$ 6,049,196
Excess of revenues over expenses	1,130,615	3,298	1,133,913	–	–	1,133,913
Net loss from discontinued operations	(13,231)	–	(13,231)	–	–	(13,231)
Decrease in pension liability	404,768	–	404,768	–	–	404,768
Temporarily and permanently restricted contributions	–	–	–	44,502	3,803	48,305
Net assets released from restriction for capital	26,270	–	26,270	(26,270)	–	–
Net assets released from restriction for operations	–	–	–	(13,868)	–	(13,868)
Investment income	–	–	–	7,718	1,737	9,455
Other changes in net assets	24,362	(2,535)	21,827	(1,494)	3,478	23,811
Net increase in net assets	1,572,784	763	1,573,547	10,588	9,018	1,593,153
Balances, June 30, 2011	7,448,161	8,967	7,457,128	122,795	62,426	7,642,349
Excess of revenues over expenses	**94,929**	**537**	**95,466**	–	–	**95,466**
Net loss from discontinued operations	**(45,177)**	–	**(45,177)**	–	–	**(45,177)**
Increase in pension liability	**(618,141)**	**(878)**	**(619,019)**	–	–	**(619,019)**
Temporarily and permanently restricted contributions	–	–	–	**39,117**	**(122)**	**38,995**
Net assets released from restriction for capital	**18,119**	–	**18,119**	**(18,119)**	–	–
Net assets released from restriction for operations	–	–	–	**(19,689)**	–	**(19,689)**
Investment income	**232**	–	**232**	**1,007**	**47**	**1,286**
KentuckyOne Health noncontrolling interest	–	**181,551**	**181,551**	–	–	**181,551**
Other changes in net assets	**24,343**	**(9,314)**	**15,029**	**11,710**	**5,682**	**32,421**
Net (decrease) increase in net assets	**(525,695)**	**171,896**	**(353,799)**	**14,026**	**5,607**	**(334,166)**
Balances, June 30, 2012	**$ 6,922,466**	**$ 180,863**	**$ 7,103,329**	**$ 136,821**	**$ 68,033**	**$ 7,308,183**

See accompanying notes

Catholic Health Initiatives
Consolidated Statements of Cash Flows

	Year Ended June 30	
	2012	2011
	(In Thousands)	
Operating activities		
(Decrease) increase in net assets	**$ (334,166)**	$ 1,593,153
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities		
Depreciation and amortization	**473,773**	434,652
Provision for bad debts	**709,654**	691,218
Changes in equity of unconsolidated organizations	**(22,934)**	(33,835)
Net gains on sales of facilities and investments in unconsolidated organizations	**(57,383)**	(3,540)
Noncash operating expenses related to restructuring, impairment and other losses	**16,024**	9,644
Loss on defeasance of bonds	**70,555**	–
Decrease (increase) in fair value of interest rate swaps	**121,949**	(26,876)
Increase (decrease) in unfunded pension liability	**601,990**	(404,768)
Net changes in current assets and liabilities		
Net patient and other accounts receivable	**(883,703)**	(710,994)
Other current assets	**(10,992)**	(20,318)
Current liabilities	**2,771**	(40,549)
Noncontrolling equity of acquisition of JHSMH	**(181,551)**	–
Other changes	**(75,749)**	21,452
Net cash provided by operating activities before net change in investments and assets limited as to use	**430,238**	1,509,239
Net decrease (increase) in investments and assets limited as to use	**286,773**	(729,424)
Net cash provided by operating activities	**717,011**	779,815
Investing activities		
Purchases of property, equipment and other capital assets	**(861,034)**	(761,713)
Purchase of CHS, net of cash acquired	**–**	(35,533)
Purchase of NHH, net of cash acquired	**(130,982)**	–
Purchase of JHSMH, net of cash acquired	**(28,685)**	–
Net cash proceeds from asset sales	**22,159**	4,992
Distributions from investments in unconsolidated organizations	**40,214**	44,748
Cash from net repayments (issuances) of notes receivable	**29,740**	(4,635)
Other changes	**21,373**	6,889
Net cash used in investing activities	**(907,215)**	(745,252)
Financing activities		
Proceeds from bank loan and issuance of long-term debt	**1,126,463**	276,598
Net costs associated with issuance of long-term debt	**(8,855)**	–
Repayment of long-term debt	**(973,106)**	(355,974)
Net cash provided by (used in) financing activities	**144,502**	(79,376)
Decrease in cash and equivalents	**(45,702)**	(44,813)
Cash and equivalents at beginning of year	**449,674**	494,487
Cash and equivalents at end of year	**$ 403,972**	$ 449,674
Supplemental disclosures of cash flow information		
Cash paid during the year for interest, including amounts capitalized	**$ 151,837**	$ 149,822

See accompanying notes

1. Summary of Significant Accounting Policies

Organization

Catholic Health Initiatives (CHI), established in 1996, is a tax-exempt Colorado corporation and has been granted an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. CHI sponsors market-based organizations (MBOs) and other facilities in 19 states, including 74 acute-care hospitals, of which 21 are designated as critical access hospitals by the Medicare program, two community health service organizations (CHSOs), two accredited nursing colleges, home health agencies, and 40 other sites including long-term care, assisted living and residential facilities. CHI also has an offshore captive insurance company, First Initiatives Insurance, Ltd. (FIIL).

The mission of CHI is to nurture the healing ministry of the Church, bringing it new life, energy and viability in the 21st century. CHI is committed to fidelity to the Gospel, with emphasis on human dignity and social justice in the creation of healthier communities. CHI is sponsored by a lay-religious partnership, calling on other Catholic sponsors and systems to unite to ensure the future of Catholic health care.

Principles of Consolidation

CHI consolidates all direct affiliates in which it has sole corporate membership or ownership (Direct Affiliates) and all entities in which it has greater than 50% equity interest with commensurate control. All significant intercompany accounts and transactions are eliminated in consolidation.

Fair Value of Financial Instruments

Financial instruments consist primarily of cash and equivalents, patient accounts receivable, notes receivable, accounts payable and long-term debt. The carrying amounts reported in the consolidated balance sheets for these items approximate fair value.

Cash and Equivalents

Cash and equivalents include all deposits with banks and investments in interest-bearing securities with maturity dates of 90 days or less from the date of purchase. In addition, cash and equivalents include deposits in short-term funds held by professional managers. The funds generally invest in high-quality, short-term debt securities, including U.S. government securities, securities issued by domestic and foreign banks, such as certificates of deposit and bankers'

1. Summary of Significant Accounting Policies (continued)

acceptances, repurchase agreements, asset-backed securities, high-grade commercial paper and corporate short-term obligations.

Net Patient Accounts Receivable and Net Patient Services Revenues

Net patient accounts receivable has been adjusted to the estimated amounts expected to be collected. These estimated amounts are subject to further adjustments upon review by third-party payors.

The provision for bad debts is based upon management's assessment of historical and expected net collections, taking into consideration historical business and economic conditions, trends in health care coverage and other collection indicators. Management routinely assesses the adequacy of the allowances for uncollectible accounts based upon historical write-off experience by payor category. The results of these reviews are used to modify, as necessary, the provision for bad debts and to establish appropriate allowances for uncollectible net patient accounts receivable. After satisfaction of amounts due from insurance, CHI follows established guidelines for placing certain patient balances with collection agencies, subject to the terms of certain restrictions on collection efforts as determined by each facility.

CHI records net patient services revenues in the period in which services are performed. CHI has agreements with third-party payors that provide for payments at amounts different from its established rates. The basis for payment under these agreements includes prospectively determined rates, cost reimbursement and negotiated discounts from established rates and per diem payments.

Net patient services revenues are reported at the estimated net realizable amounts from patients, third-party payors and others for services rendered, including estimated retroactive adjustments due to future audits, reviews and investigations, and excluding estimated amounts considered uncollectible. The differences between the estimated and actual adjustments are recorded as part of net patient services revenues in future periods, as the amounts become known, or as years are no longer subject to such audits, reviews and investigations.

Investments and Assets Limited as to Use

Investments and assets limited as to use include assets set aside by CHI for future long-term purposes, including capital improvements and self-insurance. In addition, assets limited as to use include amounts held by trustees under bond indenture agreements, amounts contributed by donors with stipulated restrictions and amounts held for Mission and Ministry programs.

1. Summary of Significant Accounting Policies (continued)

CHI has designated its investment portfolio as trading. Accordingly, unrealized gains and losses on marketable securities are reported within excess of revenues over expenses. In addition, cash flows from the purchases and sales of marketable securities are reported as a component of operating activities in the accompanying consolidated statements of cash flows.

Direct investments in equity securities with readily determinable fair values and all direct investments in debt securities have been measured at fair value in the accompanying consolidated balance sheets. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in excess of revenues over expenses unless the income or loss is restricted by donor or law.

Investments in limited partnerships and limited liability companies are recorded using the equity method of accounting (which approximates fair value as determined by the net asset values of the related unitized interests) with the related changes in value in earnings reported as investment income in the accompanying consolidated financial statements.

Inventories

Inventories, primarily consisting of pharmacy drugs, and medical and surgical supplies, are stated at lower of cost (first-in, first-out method) or market.

Assets and Liabilities Held for Sale

A long-lived asset or disposal group of assets and liabilities that is expected to be sold within one year is classified as held for sale. For long-lived assets held for sale, an impairment charge is recorded if the carrying amount of the asset exceeds its fair value less costs to sell. Such valuations include estimates of fair values generally based upon discounted cash flows and incremental direct costs to transact a sale.

Property and Equipment

Property and equipment are stated at historical cost or, if donated or impaired, at fair value at the date of receipt or impairment. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. For property and equipment under capital lease, amortization is determined over the shorter period of the lease term or the estimated useful life of the property and equipment. Interest cost incurred during the period of construction of major capital projects is capitalized as a component of the cost of acquiring those assets. Capitalized interest of $14.6 million and $14.7 million was recorded in 2012 and 2011, respectively.

1. Summary of Significant Accounting Policies (continued)

Costs incurred in the development and installation of internal-use software are typically expensed if they are incurred in the preliminary project stage or post-implementation stage, while certain costs are capitalized if incurred during the application development stage. Amounts capitalized are amortized over the useful life of the developed asset following project completion.

Investments in Unconsolidated Organizations

Investments in unconsolidated organizations are accounted for under the cost or equity method of accounting, as appropriate, based on the relative percentage of ownership or degree of influence over that organization. The equity income or loss on these investments is recorded in the consolidated statements of operations as changes in equity of unconsolidated organizations.

Intangible Assets and Goodwill

Intangible assets are amortized over the estimated useful life of each class of amortizable asset using the straight-line method. Amortization expense of $4.9 million and $6.1 million was recorded in 2012 and 2011, respectively. Intangible assets increased $20.8 million in 2012 due to the Nebraska Heart Hospital and Nebraska Heart Institute acquisition discussed in Note 4, *Acquisitions and Divestitures*, and the acquisition of a cardiology practice in Tacoma.

Goodwill is not amortized but is subject to annual impairment tests as well as more frequent reviews whenever circumstances indicate a possible impairment may exist. Impairment testing of goodwill is done at the MBO level by comparing the fair value of the MBO's net assets against the carrying value of the MBO's net assets, including goodwill. The fair value of net assets is calculated based on quantitative analysis of discounted cash flows. The fair value of goodwill is determined by assigning fair values to assets and liabilities and calculating any remaining fair value as the implied fair value of goodwill.

Goodwill increased $91.2 million due to the Nebraska Heart Hospital and Nebraska Heart Institute acquisition discussed in Note 4, *Acquisitions and Divestitures*, and the acquisition of a cardiology practice in Tacoma.

1. Summary of Significant Accounting Policies (continued)

A summary of intangible assets and goodwill is as follows as of June 30 (in thousands):

	2012	2011
Intangible assets	**$ 62,754**	$ 41,930
Less accumulated amortization	**(20,298)**	(15,525)
	42,456	26,405
Goodwill	**120,424**	29,212
Total intangible assets and goodwill, net	**$ 162,880**	$ 55,617

Notes Receivable and Other Assets

Other assets consist primarily of notes receivable, pledges receivable, deferred compensation assets, deposits and other long-term assets. Notes receivable include balances from the following related entities: Alegent Health and Alegent Health Immanuel Medical Center (collectively, Alegent), the Nebraska joint operating company (JOC) and non-CHI joint operating agreement (JOA) partner, respectively; and Bethesda Hospital, Inc. (Bethesda), the non-CHI JOA partner in the Cincinnati, Ohio JOA. All of the notes bear interest at rates commensurate with the CHI blended interest cost and require monthly debt service payments.

A summary of notes receivable and other assets is as follows as of June 30 (in thousands):

	2012	2011
Notes receivable from related entities:		
Total notes receivable from related entities	**$ 465,400**	$ 511,091
Reinsurance recoverable on unpaid losses and loss adjustment expense	**42,703**	39,066
Deferred compensation assets	**18,809**	21,726
Other long-term assets	**78,201**	67,583
Total notes receivable and other	**$ 605,113**	$ 639,466

Alegent and Bethesda are Designated Affiliates in the CHI credit group under the Capital Obligation Document (COD). As conditions of joining the CHI credit group, the Designated Affiliates have agreed to certain covenants related to corporate existence, insurance coverage, exempt use of bond-financed facilities, maintenance of certain financial ratios and compliance with limitations on the incurrence of additional debt. Based upon management's review of the creditworthiness of the Designated Affiliates and their compliance with the covenants and limitations, no allowances for uncollectible notes receivable were recorded at June 30, 2012 and 2011.

1. Summary of Significant Accounting Policies (continued)

Net Assets

Temporarily restricted net assets are those whose use has been limited by donors to a specific time period or purpose. Permanently restricted net assets consist of gifts with corpus values that have been restricted by donors to be maintained in perpetuity, including endowment funds. Temporarily restricted net assets and earnings on permanently restricted net assets, including earnings on endowment funds, are used in accordance with the donor's wishes primarily to purchase equipment, to provide charity care and to provide other health and educational programs and services.

Unconditional promises to receive cash and other assets are reported at fair value at the date the promise is received. Conditional promises and indications of donors' intentions to give are reported at fair value at the date the conditions are met or the gifts are received. All unrestricted contributions are included in the excess of revenue over expenses as donation revenues. Other gifts are reported as either temporarily or permanently restricted if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as donations revenue when restricted for operations or as unrestricted net assets when restricted for property and equipment.

Performance Indicator

The performance indicator is the excess of revenues over expenses, which includes all changes in unrestricted net assets other than changes in the pension liability funded status, net assets released from restrictions for property acquisitions, the cumulative effect of changes in accounting principles, discontinued operations, contributions of property and equipment, and other changes not required to be included within the performance indicator under generally accepted accounting principles.

Operating and Nonoperating Activities

CHI's primary mission is to meet the health care needs in its market areas through a broad range of general and specialized health care services, including inpatient acute care, outpatient services, physician services, long-term care and other health care services. Activities directly associated with the furtherance of this purpose are considered to be operating activities. Earnings from fixed-income investments held by FIIL are also classified within operating activities as such earnings support FIIL operations. Other activities that result in gains or losses peripheral to CHI's primary mission are considered to be nonoperating. Nonoperating activities include all other investment earnings; losses from bond defeasance; net interest cost and changes in fair value of interest rate swaps; and the nonoperating component of JOA income share adjustments.

1. Summary of Significant Accounting Policies (continued)

Charity Care

As an integral part of its mission, CHI accepts and treats all patients without regard to the ability to pay. Services to patients are classified as charity care in accordance with standards established across all MBOs. Charity care represents services rendered for which partial or no payment is expected, and includes the cost of providing services to persons who cannot afford health care due to inadequate resources and/or who are uninsured or underinsured. The cost of charity care is determined on the basis of an MBO's total cost as a percentage of total charges applied to the charges incurred by patients qualifying for charity care under CHI's policy and is not included in net patient services revenues in the accompanying consolidated statements of operations and changes in net assets. The estimated cost of charity care provided was $248.7 million and $235.8 million in 2012 and 2011, respectively, for continuing operations, and $24.6 million and $9.2 million in 2012 and 2011, respectively, for discontinued operations.

Other Nonpatient Revenues

Other nonpatient revenues include gains and losses on the sales of assets, the operating portion of revenue-sharing income or expense associated with Direct Affiliates that are part of JOAs, cafeteria sales, rental income, retail pharmacy and durable medical equipment sales, auxiliary and gift shop revenues, and revenues from other miscellaneous sources.

Derivative and Hedging Instruments

CHI uses derivative financial instruments (interest rate swaps) in managing its capital costs. These interest rate swaps are recognized at fair value on the consolidated balance sheets. CHI has not designated its interest rate swaps related to CHI's long-term debt as hedges. The net interest cost and change in the fair value of such interest rate swaps is recognized as a component of nonoperating gains (losses) in the accompanying consolidated statements of operations. It is CHI's policy to net the value of collateral on deposit with counterparties against the fair value of its interest rate swaps in other liabilities on the consolidated balance sheets.

Functional Expenses

CHI provides inpatient, outpatient, ambulatory, long-term care and community-based services to individuals within the various geographic areas supported by its facilities. Support services include administration, finance and accounting, information technology, public relations, human resources, legal, mission services and other functions that are supported centrally for all of CHI. Support services expenses as a percent of total operating expenses were approximately 5.0% and 4.7% in 2012 and 2011, respectively.

1. Summary of Significant Accounting Policies (continued)

Restructuring, Impairment and Other Losses

CHI periodically evaluates property, equipment, goodwill and certain other intangible assets to determine whether assets may have been impaired. Management determined there were certain property and equipment impairments in both 2012 and 2011 to the extent that the fair values (estimated based upon discounted cash flows) of those assets were less than the underlying carrying values.

During the years ended June 30, 2012 and 2011, CHI recorded total charges of $58.7 million and $25.7 million, respectively, relating to asset impairments and changes in business operations, including reorganization and severance costs. Of this amount, $47.7 million and $20.4 million were from continuing operations and reported in the consolidated statements of operations for 2012 and 2011, respectively, and $11.0 million and $5.3 million were reported as discontinued operations in the consolidated statements of changes in net assets for 2012 and 2011, respectively.

Income Taxes

CHI is a tax-exempt Colorado corporation and has been granted an exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. CHI owns certain taxable subsidiaries and engages in certain activities that are unrelated to its exempt purpose and therefore subject to income tax.

Management reviews its tax positions annually and has determined that there are no material uncertain tax positions that require recognition in the accompanying consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could vary from the estimates.

1. Summary of Significant Accounting Policies (continued)

New Accounting Pronouncements and Adoption of New Accounting Standards

In August 2010, the Financial Accounting Standards Board (FASB) released Accounting Standards Update (ASU) No. 2010-23, *Measuring Charity Care for Disclosure* ASU 2010-23 requires the disclosure of charity care amounts and requires that cost be used as the measurement basis for charity care. The accounting provisions also specifically require that charity care not be reduced by reimbursement for charity care, and that the amount of reimbursements for charity care be disclosed. CHI adopted the disclosure provisions of ASU 2010-23 during 2012.

In August 2010, the FASB released ASU No. 2010-24, *Presentation of Insurance Claims and Related Insurance Recoveries* ASU 2010-24 applies to malpractice claims and similar contingent liabilities and requires that such liabilities disregard the effect of any anticipated insurance recoveries in determining the liability amounts. The accounting provisions also provide accounting guidance for recording any insurance recovery receivables. ASU 2010-24 was effective for fiscal years beginning after December 15, 2010, and was adopted by CHI in fiscal year 2012, with no material effect on its overall consolidated results of financial position, operations or cash flows.

In July 2011, the FASB released ASU No. 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Entities*. ASU 2011-07 requires health care entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient services revenues from an operating expense to a deduction from patient services revenues (net of contractual allowances and discounts). Additionally, enhanced disclosures will be required surrounding the entity's policies for recognizing revenue and assessing bad debts. ASU 2011-07 is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011. CHI does not believe its adoption of ASU 2011-07 will have a material effect on its overall consolidated results of financial position, operations or cash flows.

Meaningful Use of Certified Electronic Health Record Technology Incentive Payments

The American Recovery and Reinvestment Act of 2009 provides for Medicare and Medicaid incentive payments beginning in 2011 to certain hospitals and professionals that implement and achieve meaningful use of certified electronic health record (EHR) technology in ways that demonstrate improved quality and effectiveness of care. Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. An initial Medicaid incentive payment is available to providers that adopt, implement or upgrade certified EHR technology. However, in order to receive additional Medicaid incentive payments in subsequent years, providers must demonstrate continued meaningful use of EHR technology.

1. Summary of Significant Accounting Policies (continued)

CHI accounts for meaningful use incentive payments under the gain contingency model. Medicare EHR incentive payments are recognized as revenues when eligible providers demonstrate meaningful use of certified EHR technology and the cost report information for the full cost report year that will determine the full calculation of the incentive payment is available. Medicaid EHR incentive payments are recognized as revenues when an eligible provider demonstrates meaningful use of certified EHR technology. For fiscal year 2012, CHI recognized $11.3 million of Medicare meaningful use revenues and $20.7 million of Medicaid meaningful use revenues in its consolidated statements of operations.

Reclassifications

Certain reclassifications were made to the 2011 consolidated financial statement presentation to conform to the 2012 presentation.

2. Community Benefit (Unaudited)

In accordance with its mission and philosophy, CHI commits substantial resources to sponsor a broad range of services to both the poor and the broader community. Community benefit provided to the poor includes the cost of providing services to persons who cannot afford health care due to inadequate resources and/or who are uninsured or underinsured. This type of community benefit includes the costs of traditional charity care; unpaid costs of care provided to beneficiaries of Medicaid and other indigent public programs; services such as free clinics and meal programs for which a patient is not billed or for which a nominal fee has been assessed; and cash and in-kind donations of equipment, supplies or staff time volunteered on behalf of the community.

Community benefit provided to the broader community includes the costs of providing services to other populations who may not qualify as poor but may need special services and support. This type of community benefit includes the costs of services such as health promotion and education, health clinics and screenings, all of which are not billed or can be operated only on a deficit basis; unpaid portions of training health professionals such as medical residents, nursing students and students in allied health professions; and the unpaid portions of testing medical equipment and controlled studies of therapeutic protocols.

2. Community Benefit (Unaudited) (continued)

A summary of the cost of community benefit provided to both the poor and the broader community is as follows (in thousands):

	2012	2011
Cost of community benefit:		
Cost of charity care provided	**$ 248,667**	$ 235,756
Unpaid cost of public programs, Medicaid and other indigent care programs	**280,785**	235,326
Nonbilled services	**28,514**	23,327
Cash and in-kind donations	**3,221**	2,950
Education and research	**49,640**	33,165
Other benefit	**52,369**	61,362
Total cost of community benefit from continuing operations	**663,196**	591,886
Total cost of community benefit from discontinued operations	**51,815**	20,260
Total cost of community benefit	**715,011**	612,146
Unpaid cost of Medicare from continuing operations	**368,245**	439,316
Unpaid cost of Medicare from discontinued operations	**26,226**	22,042
Total unpaid cost of Medicare	**394,471**	461,358
Total cost of community benefit and the unpaid cost of Medicare	**$ 1,109,482**	$ 1,073,504

The summary above has been prepared in accordance with the policy document of the Catholic Health Association of the United States (CHA), *Community Benefit Program – A Revised Resource for Social Accountability*. Community benefit is measured on the basis of total cost, net of any offsetting revenues, donations or other funds used to defray cost.

The total cost of community benefit from continuing and discontinued operations was 7.0% and 6.6% of total expenses before operating expenses related to restructuring, impairment and other losses in 2012 and 2011, respectively. The total cost of community benefit and the unpaid cost of Medicare from continuing and discontinued operations was 10.8% and 11.6% of total expenses before operating expenses related to restructuring, impairment and other losses in 2012 and 2011, respectively.

3. Joint Operating Agreements and Investments in Unconsolidated Organizations

Joint Operating Agreements

CHI participates in JOAs with hospital-based organizations in five separate market areas. The agreements generally provide for, among other things, joint management through JOCs of the combined operations of the local facilities included in the JOAs. CHI retains ownership of the assets, liabilities, equity, revenues and expenses of the CHI facilities that participate in the JOAs. The financial statements of the CHI facilities managed under all JOAs are included in the CHI consolidated financial statements. Transfers of assets from facilities owned by the JOA participants generally are restricted under the terms of the agreements.

CHI has a 70% interest in a JOC based in Colorado and has interests of 50% in three other JOCs associated with other JOAs. These interests are included in investments in unconsolidated organizations and totaled $99 million and $125 million at June 30, 2012 and 2011, respectively. CHI recognizes its investment in all JOCs under the equity method of accounting. The JOCs provide varying levels of services to the related JOA sponsors, and operating expenses of the JOCs are allocated to each sponsoring organization. The unconsolidated JOCs had total assets of $688 million and $721 million at June 30, 2012 and 2011, respectively, and net assets of $156 million and $209 million, respectively.

Investments in Unconsolidated Organizations

CHI Kentucky – Effective on January 1, 2012, CHI purchased a controlling interest in Jewish Hospital and St. Mary's Healthcare Inc. and affiliates (JHSMH). CHI contributed its controlling interest, including its 25% joint venture investment in JHSMH, into a newly formed consolidated subsidiary, KentuckyOne Health (see Note 4, *Acquisitions and Divestitures*). As a result of the change in control of its investment in JHSMH, CHI recognized a gain on the remeasurement of its joint venture investment of $45.0 million reported in other revenue.

CHI's prior 25% joint venture investment in JHSMH was created on November 1, 2005, with CHI contributing substantially all of the net assets of the former MBO in Louisville, Kentucky, with a value of $7 million, along with $20 million, paid in quarterly installments through August 2008. The investment in the joint venture was accounted for under the equity method of accounting. It had a book value of $30 million at June 30, 2011, and was included in investments in unconsolidated organizations. In fiscal year 2011, the joint venture had annual operating revenues of approximately $1.0 billion, and total assets of $920 million and net assets of $335 million as of June 30, 2011. Prior to the contribution of the 25% joint venture investment in January 2012, the joint venture had executed a note to CHI with monthly payments of principal and interest. The note was included in other assets as of June 30, 2011, and had a balance of $25 million. Subsequent to the contribution of the 25% joint venture investment in JHSMH into KentuckyOne Health, the note is considered an intercompany transaction and eliminated in consolidation.

3. Joint Operating Agreements and Investments in Unconsolidated Organizations (continued)

Preferred Professional Insurance Corporation (PPIC) – PPIC is an unconsolidated affiliate of CHI. PPIC provides professional liability insurance and other related services to preferred physician and other health care providers that are associated with its owners. CHI owns a 27% interest in PPIC and accounts for its investment under the equity method of accounting. The book value of the investment was $50 million and $49 million at June 30, 2012 and 2011, respectively. PPIC had net assets of $184 million and $183 million at December 31, 2011 and 2010, respectively.

Other Entities – The summarized financial positions and results of operations for the other entities accounted for under the equity method as of and for the periods ended June 30, excluding the investments described above, are as follows (in thousands):

	2012					
	Medical Office Buildings	Outpatient and Diagnostic Services	Ambulatory Surgery Centers	Physician Practices	Other Investees	Total
Total assets	$ 29,557	$ 141,683	$ 58,575	$ 19,997	$ 258,784	$ 508,596
Total debt	27,793	12,866	10,627	8,637	18,062	77,985
Net assets	1,160	102,401	42,396	8,462	169,870	324,289
Net patient services revenues	–	159,001	125,121	33,254	228,446	545,822
Total revenues, net	5,845	159,805	125,326	35,685	439,806	766,467
Excess of revenues over expenses	477	26,251	34,367	5,854	26,072	93,021

	2011					
	Medical Office Buildings	Outpatient and Diagnostic Services	Ambulatory Surgery Centers	Physician Practices	Other Investees	Total
Total assets	$ 28,439	$ 129,620	$ 63,130	$ 21,028	$ 246,490	$ 488,707
Total debt	26,315	42,133	13,023	10,664	20,013	112,148
Net assets	1,263	86,316	46,024	8,054	164,528	306,185
Net patient services revenues	–	125,066	116,927	33,991	195,163	471,147
Total revenues, net	5,834	139,594	117,020	37,452	481,395	781,295
Excess of revenues over expenses	679	16,236	31,659	6,142	95,751	150,467

4. Acquisitions and Divestitures

Continuing Operations

KentuckyOne Health – Effective on January 1, 2012, CHI acquired an additional 58% interest in JHSMH from Jewish Hospital HealthCare Services, Inc. (JHHS) in exchange for a noncontrolling interest in KentuckyOne Health, a new statewide health care network in the state of Kentucky, through the combination of JHSMH and St. Joseph Health System, a CHI-sponsored MBO. CHI has a controlling interest of approximately 83% in KentuckyOne Health and JHHS has the remaining 17% interest. The fair value of the noncontrolling interest of $181.6 million was determined using valuation techniques including discounted cash flows.

Upon the change in control, the fair value of the assets and liabilities of JHSMH were allocated as follows (in thousands):

Patient receivables	$ 116,733
Other receivables	6,307
Current portion of assets limited as to use	5,567
Inventory	15,772
Prepaid and other current assets	11,672
Cash, investments and assets limited as to use	275,764
Property and equipment	451,662
Deferred financing costs	3,945
Investments in unconsolidated organizations	5,290
Other assets	8,095
Accrued compensation and benefits	(33,683)
Third-party liabilities	(1,691)
Accounts payable and accrued expenses	(107,903)
Current portion of long-term debt	(7,518)
Other liabilities	(87,459)
Long-term debt	(404,050)
Net assets acquired	$ 258,503

CHI began consolidating the results of JHSMH's operations effective January 1, 2012. The acquisition of JHSMH added $477.1 million of operating revenues and $62.2 million of deficit of revenues over expenses to the CHI consolidated results of operations from January 1 to June 30, 2012. On an unaudited pro forma basis, had CHI owned JHSMH at the beginning of each fiscal year, JHSMH would have reported $959.9 million and $991.4 million of operating revenues in 2012 and 2011, respectively, $84.2 million of deficiency of revenues over expenses in 2012, and $32.1 million of excess of revenues over expenses in 2011. However, the unaudited pro forma

4. Acquisitions and Divestitures (continued)

information is not necessarily indicative of the historical results that would have been obtained had the transaction actually occurred on those dates, nor of future results.

Nebraska Heart Hospital and Nebraska Heart Institute – Effective on August 1, 2011, CHI acquired Nebraska Heart Hospital and Nebraska Heart Institute. The acquisition allowed CHI to expand cardiac, thoracic and vascular care across the state of Nebraska. The gross purchase price of $131.1 million cash consideration was allocated as follows (in thousands):

Cash	$	146
Patient receivables		8,080
Other receivables		1,735
Inventory		1,302
Prepaid and other assets		1,777
Property and equipment		45,150
Intangible assets		10,123
Goodwill		69,786
Accrued compensation and benefits		(3,063)
Accounts payable and accrued expenses		(3,354)
Other liabilities		(555)
Purchase price	$	131,127

Nebraska Heart Hospital and Nebraska Heart Institute added $81.2 million of operating revenues and $5.7 million of excess of revenues over expenses to the CHI consolidated results of operations from August 1, 2011 to June 30, 2012. On an unaudited pro forma basis, had CHI owned Nebraska Heart Hospital and Nebraska Heart Institute at the beginning of each fiscal year, they would have reported $90.2 million and $95.1 million of operating revenues in 2012 and 2011, respectively, and $6.3 million and $14.7 million of excess of revenues over expenses in 2012 and 2011, respectively. However, the unaudited pro forma information is not necessarily indicative of the historical results that would have been obtained had the transaction actually occurred on those dates, nor of future results.

Consolidated Health Services (CHS) – Effective on October 1, 2010, CHI acquired CHS, headquartered near Cincinnati, Ohio, from Bethesda, Inc., an Ohio nonprofit corporation. CHS is a home health care service provider operating in 30 locations in Indiana, Kentucky and Ohio. The gross purchase price of the acquisition was $43.3 million ($35.5 million, net of cash acquired), which was allocated as follows (in thousands):

4. Acquisitions and Divestitures (continued)

Cash	$	7,814
Patient receivables		6,534
Current deferred tax asset		2,077
Property and equipment		3,260
Investment in unconsolidated organizations		17,900
Intangibles		12,064
Deferred tax asset		1,503
Goodwill		6,479
Other assets		5,960
Other liabilities		(13,210)
Deferred tax liability		(7,034)
Purchase price	$	43,347

Consolidated Health Services contributed $60.3 million of operating revenues and $2.9 million of excess of revenues over expenses to the CHI consolidated results of operations for fiscal year 2012, and $47.8 million of operating revenues and $2.5 million of excess of revenues over expenses to the CHI consolidated results of operations for fiscal year 2011.

Discontinued Operations

CHI has committed to a plan to sell the MBOs in Denville, New Jersey; Towson, Maryland; and Pierre, South Dakota. Effective in March 2012, CHI entered into exclusive negotiations with the intent of signing a non-binding Letter of Intent to transfer ownership of the Denville MBO to Ascension Health Care Network, Inc., an affiliate of Ascension Health; the Towson MBO to the University of Maryland Medical Systems; and the Pierre MBO to Avera Health. All the transactions are subject to governmental and Church approvals. It is anticipated that a definitive asset purchase agreement for the sale of the Denville MBO will be finalized and have a closing date prior to January 1, 2013. The asset purchase agreement for the sale of the Towson MBO is being negotiated with an expected closing date of November 1, 2012. No final agreement has been reached for the sale of the Pierre MBO as discussions are ongoing with Avera Health. In accordance with Accounting Standards Codification (ASC) 205-20, *Discontinued Operations*, and ASC 360-10, *Impairment and Disposal of Long-Lived Assets*, the results of operations associated with these MBOs have been reported as discontinued operations and are included in the consolidated statements of changes in net assets. Assets held for sale consist primarily of cash and investments, net patient accounts receivable, net property and other long-term assets. Liabilities held for sale consist of accounts payable and accrued compensation and benefits.

4. Acquisitions and Divestitures (continued)

Related to the MBOs held for sale, CHI recorded a deficiency of revenues over expenses of $45.2 million and $13.2 million for the years ended June 30, 2012 and 2011, respectively, which is reported as discontinued operations in the accompanying consolidated statements of changes in net assets. Total operating revenues and deficiency of revenues over expenses included in the results of discontinued operations for the years ended June 30 are summarized below (in thousands):

	2012	2011
Total operating revenues	**$ 714,405**	$ 727,886
Total operating expenses	**(748,388)**	(753,466)
Restructuring and other losses	**(10,987)**	(5,293)
Nonoperating (losses) gains	**(207)**	17,642
Deficiency of revenues over expenses	**$ (45,177)**	$ (13,231)

The consolidated statements of cash flows include the use of $45.4 million and $12.8 million of operating, investing and financing activities related to discontinued operations for the years ended June 30, 2012 and 2011, respectively.

Dayton Heart and Vascular Hospital – Effective on July 28, 2011, the Dayton Heart and Vascular Hospital was sold for $16.0 million. No gain or loss was recorded as a result of the sale. The property was classified as an asset held for sale on the consolidated balance sheet as of June 30, 2011.

5. Net Patient Services Revenues

Net patient services revenues are derived from services provided to patients who are either directly responsible for payment or are covered by various insurance or managed care programs. CHI receives payments from the federal government on behalf of patients covered by the Medicare program, from state governments for Medicaid and other state-sponsored programs, from certain private insurance companies and managed care programs and from patients themselves. A summary of payment arrangements with major third-party payors follows:

Medicare – Inpatient acute care and certain outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge or procedure. These rates vary according to patient classification systems based on clinical, diagnostic and other factors. Certain CHI facilities have been designated as critical access hospitals and, accordingly, are reimbursed their cost of providing services to Medicare beneficiaries. Professional services rendered by physicians are paid based on the Medicare allowable fee schedule.

5. Net Patient Services Revenues (continued)

Medicaid – Inpatient services rendered to Medicaid program beneficiaries are primarily paid under the traditional Medicaid plan at prospectively determined rates per discharge. Certain outpatient services are reimbursed based on a cost reimbursement methodology, fee schedules or discounts from established charges.

Other – CHI has also entered into payment agreements with certain managed care and commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to CHI under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates.

CHI's Medicare, Medicaid and other payor utilization percentages, based upon net patient services revenues, are summarized as follows:

	2012	2011
Medicare	**31%**	30%
Medicaid	**7**	8
Managed care	**39**	39
Self-pay	**8**	8
Commercial and other	**15**	15
	100%	100%

Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Estimated settlements related to Medicare and Medicaid of $57 million and $44 million at June 30, 2012 and 2011, respectively, are included in third-party liabilities. Net patient services revenues from continuing operations increased by $20.5 million in 2012 and $32.1 million in 2011 due to favorable changes in estimates related to prior-year settlements. Also during 2012, CHI prevailed on the appeal of two cost report settlements from the Centers for Medicare and Medicaid Services (CMS) related to the calculation used by CMS for the rural floor wage index and for the disallowance of insurance premiums paid to FIIL. The settlement amounts are included in the 2012 net patient services revenues from continuing operations, and totaled $76.7 million for the rural floor wage index and $19.8 million for the insurance premiums. The appeals spanned years from 1997 through 2011.

6. Investments and Assets Limited as to Use

CHI's investments and assets limited as to use as of June 30 are reported in the accompanying consolidated balance sheets as presented in the following table (in thousands):

	2012	2011
Cash and equivalents	**$ 155,418**	$ 141,283
CHI Investment Program	**4,827,922**	4,891,140
Marketable equity securities	**315,064**	308,846
Marketable fixed-income securities	**477,440**	416,484
Hedge funds and other investments	**162,190**	151,373
	5,938,034	5,909,126
Less current portion	**(1,901)**	(19,554)
	$ 5,936,133	$ 5,889,572

Net unrealized gains at June 30, 2012 and 2011, were $144.0 million and $298.0 million, respectively.

CHI attempts to reduce its market risk by diversifying its investment portfolio using cash equivalents, fixed-income securities, marketable equity securities and alternative investments. Most of the U.S. Treasury, money market funds and corporate debt obligations as well as exchange-traded marketable securities held by CHI and the CHI Investment Program (the Program) have an actively traded market. However, CHI also invests in commercial paper, mortgage-backed or other asset-backed securities, alternative investments (such as hedge funds, private equity investments, real estate funds, funds of funds, etc.), collateralized debt obligations, municipal securities and other investments that have potential complexities in valuation based upon the current conditions in the credit markets. For some of these instruments, evidence supporting the determination of fair value may not come from trading in active primary or secondary markets. Because these investments may not be readily marketable, the estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had an active market for such investments existed. Such differences could be material. However, management reviews the CHI investment portfolio on a regular basis and seeks guidance from its professional portfolio managers related to U.S. and global market conditions to determine the fair value of its investments. CHI believes the carrying amount of these financial instruments in the consolidated financial statements is a reasonable estimate of fair value. Additionally, CHI assesses the risk of impairment related to securities held in its investment portfolio on a regular basis and noted no impairment during the years ended June 30, 2012 and 2011.

6. Investments and Assets Limited as to Use (continued)

Substantially all CHI long-term investments are held in the Program. The Program is structured under a Limited Partnership Agreement with CHI as managing general partner and numerous limited partners, most sponsored by CHI. The partnership provides a vehicle whereby virtually all entities associated with CHI, as well as certain other unrelated entities, can seek to optimize investment returns while managing investment risk. Entities participating in the Program that are not consolidated in the accompanying financial statements have the ability to direct their invested amounts and liquidate and/or withdraw their interest without penalty as soon as practicable based on market conditions but within 180 days of notification. The Limited Partnership Agreement permits a majority vote of the noncontrolled limited partners to terminate the partnership. Accordingly, CHI recognizes only the portion of Program assets attributable to CHI and its sponsored affiliates. Program assets attributable to CHI and its direct affiliates represented 86% of total Program assets at June 30, 2012 and 2011.

The Program asset allocation at June 30 is as follows:

	2012	2011
Marketable equity securities	**44%**	45%
Marketable fixed-income securities	**35**	34
Alternative investments	**19**	19
Cash and equivalents	**2**	2
	100%	100%

The CHI Investment Committee (the Investment Committee) of the Board of Stewardship Trustees is responsible for determining asset allocations among fixed-income, equity and alternative investments. At least annually, the Investment Committee reviews targeted allocations and, if necessary, makes adjustments to targeted asset allocations. Given the diversity of the underlying securities in which the Program invests, management does not believe there is a significant concentration of credit risk.

6. Investments and Assets Limited as to Use (continued)

Investment income is comprised of the following for the years ended June 30 (in thousands):

	2012	2011
Dividend and interest income	**$ 123,432**	$ 116,710
Net realized gains	**86,566**	268,526
Net unrealized (losses) gains	**(153,000)**	448,793
Total investment income from continuing operations	**$ 56,998**	$ 834,029
Included in other nonpatient revenue	**$ 37,169**	$ 30,475
Included in nonoperating gains	**19,829**	803,554
Total investment income from continuing operations	**56,998**	834,029
Total investment (loss) income from discontinued operations	**(207)**	17,642
Total investment income	**$ 56,791**	$ 851,671

Direct expenses of the Program are less than 0.4% of total assets. Fees paid to the alternative investment managers are not included in the total expense calculation as they are not a direct expense of the Program.

7. Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs (Level 3 measurement).

The three levels of the fair value hierarchy and a description of the valuation methodologies used for instruments measured at fair value are as follows:

Level 1 – Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Valuation is based upon quoted prices for similar assets and liabilities in active markets or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial asset or liability.

7. Fair Value of Assets and Liabilities (continued)

Level 3 – Valuation is based upon other unobservable inputs that are significant to the fair value measurement.

Certain of CHI's alternative investments are made through limited liability companies (LLCs) and limited liability partnerships (LLPs). These LLCs and LLPs provide CHI with a proportionate share of the investment gains (losses). CHI accounts for its ownership in the LLCs and LLPs under the equity method. CHI also accounts for its ownership in the Partnership under the equity method. As such, these investments are excluded from the scope of ASC 820.

Financial assets and liabilities measured at fair value on a recurring basis were determined using the following inputs at June 30 (in thousands):

	2012 Fair Value Measurements at Reporting Date Using			
		(Level 1)	(Level 2)	(Level 3)
	Fair Value as of June 30	Quoted Prices in Active Markets	Other Observable Inputs	Unobservable Inputs
Assets				
Assets limited as to use:				
Cash and short-term investments	$ 155,418	$ 108,448	$ 46,970	$ –
Marketable equity securities	315,064	315,064	–	–
Marketable fixed-income securities	477,440	900	476,540	–
Other investments	1,953	–	–	1,953
Deferred compensation assets:				
Cash and short-term investments	10,852	10,852	–	–
	$ 960,727	$ 435,264	$ 523,510	$ 1,953
Liabilities				
Interest rate swaps	$ 238,549	$ –	$ 238,549	$ –
Deferred compensation liability	10,852	10,852	–	–
	$ 249,401	$ 10,852	$ 238,549	$ –

7. Fair Value of Assets and Liabilities (continued)

	2011 Fair Value Measurements at Reporting Date Using			
		(Level 1)	(Level 2)	(Level 3)
	Fair Value as of June 30	Quoted Prices in Active Markets	Other Observable Inputs	Unobservable Inputs
Assets				
Assets limited as to use:				
Cash and short-term investments	$ 141,283	$ 133,011	$ 8,272	$ –
Marketable equity securities	308,846	308,846	–	–
Marketable fixed-income securities	416,484	79,903	336,581	–
Other investments	2,255	–	–	2,255
Deferred compensation assets:				
Cash and short-term investments	12,761	12,761	–	–
	$ 881,629	$ 534,521	$ 344,853	$ 2,255
Liabilities				
Interest rate swaps	$ 116,601	$ –	$ 116,601	$ –
Deferred compensation liability	12,761	12,761	–	–
	$ 129,362	$ 12,761	$ 116,601	$ –

The fair values of the instruments included in Level 1 were determined through quoted market prices. Level 1 instruments include money market funds, mutual funds and marketable debt and equity securities. The fair values of Level 2 instruments were determined through evaluated bid prices based on recent trading activity and other relevant information, including market interest rate curves and referenced credit spreads; estimated prepayment rates, where applicable, are used for valuation purposes and are provided by third-party services where quoted market values are not available. Level 2 instruments include corporate fixed-income securities, government bonds, mortgage and asset-backed securities, and interest rate swaps. The fair values of Level 3 securities are determined primarily through information obtained from the relevant counterparties for such investments. Information on which these securities' fair values are based is generally not readily available in the market.

8. Property and Equipment

A summary of property and equipment is as follows as of June 30 (in thousands):

	2012	2011
Land and improvements	**$ 393,367**	$ 327,766
Buildings and improvements	**5,098,617**	4,630,792
Equipment	**3,814,458**	3,491,942
	9,306,442	8,450,500
Less accumulated depreciation	**(4,594,277)**	(4,267,741)
	4,712,165	4,182,759
Construction in progress	**635,310**	363,989
	$ 5,347,475	$ 4,546,748

CHI evaluates whether events and circumstances have occurred that indicate the remaining useful life of property, equipment and certain other intangible assets may not be recoverable. Management determined there were impairment issues in both 2012 and 2011, to the extent that the undiscounted cash flows estimated to be generated by certain assets were less than the underlying carrying value. CHI recorded $16.0 million and $7.8 million in impairment losses in continuing operations for 2012 and 2011, respectively, resulting from charges related to estimated fair value deficiencies (based upon projected discounted cash flows) at various MBOs. Impairment charges of $1.1 million related to assets held for sale were included in discontinued operations in the consolidated statement of changes in net assets for 2011.

9. Debt Obligations

The following is a summary of debt obligations as of June 30 (in thousands):

	Interest Rates at June 30, 2012	2012	2011
Variable-rate Bonds:			
Series 1997B, maturing through 2022	0.28%	**$ 18,900**	$ 24,400
Series 2000B, maturing through 2028	0.18%	**27,300**	81,800
Series 2002B, maturing 2032	0.17–0.18%	**103,300**	106,100
Series 2004B, maturing through 2044	0.17–0.23%	**180,700**	290,900
Series 2004C, maturing through 2044	0.15–0.17%	**163,300**	163,400
Series 2008A, maturing through 2036	0.17%	**120,260**	120,260
Series 2008C, maturing through 2041	0.16%	**50,000**	–
Series 2011B, maturing through 2046	0.18%	**158,155**	–
Series 2011C, maturing through 2046	0.16%	**125,000**	–
Fixed-rate Bonds:			
Series 1989A		**–**	3,390
Series 1995C		**–**	10,145
Series 1997A		**–**	12,950
Series 2000A		**–**	39,600
Series 2002A, maturing 2017	5.50%	**4,140**	4,845
Series 2004A, maturing through 2034	4.75–5.00%	**146,605**	146,605
Series 2006A, maturing through 2041	4.00–5.00%	**384,135**	384,135
Series 2006C, maturing through 2041	3.85–5.10%	**250,000**	250,000
Series 2008C, maturing through 2041	4.00–5.00%	**105,000**	215,000
Series 2008D, maturing through 2038	5.00–6.38%	**473,950**	473,950
Series 2009A, maturing through 2039	3.00–5.50%	**772,110**	794,345
Series 2009B, maturing through 2039	5.00%	**260,995**	260,995
Series 2011A, maturing through 2041	2.00–5.25%	**526,090**	–
Series 2012A, maturing through 2035	3.00–5.00%	**271,260**	–
Commercial Paper		**475,625**	617,400
Unamortized debt issuance premium		**58,832**	21,427
Unamortized debt issuance discount		**(9,801)**	(9,203)
Total CHI debt issued under the COD		**4,665,856**	4,012,444
Capital leases and other debt		**77,391**	122,382
		4,743,247	4,134,826
Less: Amounts classified as current			
Variable-rate debt with self-liquidity		**(321,455)**	(163,400)
Commercial paper and current portion of debt		**(643,083)**	(836,201)
Long-term debt		**$ 3,778,709**	$ 3,135,225

9. Debt Obligations (continued)

The fair value of debt obligations was approximately $5.0 billion at June 30, 2012. Management has determined the carrying values of the variable-rate bonds are representative of fair values as of June 30, 2012, as the interest rates are set by the market participants. The fair value of the fixed-rate tax-exempt bond obligations as of June 30, 2012, is determined by applying credit spreads for similar tax-exempt obligations in the marketplace, which are then used to calculate a price/yield for the outstanding obligations.

A summary of scheduled principal payments, based upon stated maturities, on long-term debt for the next five years is as follows (in thousands):

	Amounts Due
Year Ending June 30:	
2013	$ 639,763
2014	174,229
2015	168,793
2016	183,205
2017	72,071

CHI issues the majority of its debt under the COD and is the sole obligor. Bondholder security resides both in the unsecured promise by CHI to pay its obligations and in its control of its Direct and Designated Affiliates. Covenants include a minimum CHI debt service coverage ratio and certain limitations on secured debt. The Direct Affiliates of CHI, defined as Participants under the COD, have agreed to certain covenants related to corporate existence, maintenance of insurance and exempt use of bond-financed facilities.

In November 2011, CHI issued $809.2 million of fixed-rate, variable-rate and Windows variable-rate bonds (Windows) in the states of Colorado, Kentucky and Washington. Proceeds were used to refund $223.5 million of existing debt and to redeem $116.8 million of commercial paper outstanding. Concurrent with the issuance of these bonds, CHI converted $50.0 million of Ohio Series 2008C-2 bonds to bear interest at weekly rates. Also, during November 2011, CHI redeemed $55.8 million of existing debt. These redemptions resulted in a loss on extinguishment of $0.7 million.

In connection with the acquisition of JHSMH in January 2012, CHI acquired $342.0 million of JHSMH 2008 series bonds and $43.0 million of JHSMH 1996 series bonds. In January 2012, the 1996 bonds were legally defeased, which resulted in a loss on defeasance of $0.5 million. In April 2012, CHI issued $271.3 million of par value bonds in the state of Kentucky. Debt proceeds of $299.7 million and cash of $114.3 million were used to refund $322.9 million and

9. Debt Obligations (continued)

legally defease $88.4 million of the 2008 bonds. The transaction resulted in a loss on extinguishment of $69.4 million.

CHI has two types of external liquidity facilities: those that are dedicated to specific series of variable-rate demand bonds (VRDBs) and those that are not dedicated to a particular series of VRDBs but may be used to support CHI's obligations to fund tenders of VRDBs and pay the maturing principal of commercial paper. Liquidity facilities that are dedicated to specific series of bonds were $625.5 million and $623.5 million at June 30, 2012 and 2011, respectively, of which $9.4 million and $18.8 million, respectively are classified as current debt. The remaining $616.1 million and $604.7 million at June 30, 2012 and 2011, respectively, are reported as long term debt due to the repayment terms on any associated drawings extending beyond the subsequent fiscal year under the terms of the specific agreements.

Liquidity facilities not dedicated for specific series of VRDBs but used to support CHI's obligations to fund tenders and to pay maturing principal of commercial paper were $435.0 million and $565.0 million at June 30, 2012 and 2011, respectively. At June 30, 2012 and 2011, respectively, $475.6 million and $617.4 million of commercial paper were classified as current due to maturities of less than one year, and $321.5 million of VRDBs and Windows, and $163.4 million of VRDBs, respectively, were classified as current due to the holder's ability to put such VRDBs and Windows back to CHI without liquidity facilities dedicated to these bonds.

At June 30, 2012, CHI had a $60.0 million credit facility with Wells Fargo Bank. Letters of credit totaling $58.6 million have been issued for the benefit of third parties, principally in support of the self-insurance programs administered by FIIL. At June 30, 2012 and 2011, no amounts were outstanding under this credit facility.

CHI is a party to seven floating-to-fixed interest rate swap agreements with notional amounts totaling $931.8 million and $942.8 million at June 30, 2012 and 2011, respectively. Generally, it is CHI policy that all counterparties have an AA rating or better. The swap agreements require CHI to provide collateral if CHI's liability, determined on a mark-to-market basis, exceeds a specified threshold that varies based upon the rating on the corporation's long-term indebtedness. These fixed-payor swap agreements convert CHI's variable-rate debt to fixed-rate. The seven swaps have varying maturity dates ranging from May 2025 to December 2036. The fair value of the swaps is estimated based on the present value sum of anticipated future net cash settlements until the swaps' maturities. At June 30, 2012 and 2011, the fair value was $238.5 million and $116.6 million, respectively. Cash collateral balances of $140.7 million and $47.0 million at June 30, 2012 and 2011, respectively, are netted against the fair value of the swaps, and the net amount is reflected in other liabilities. The change in the fair value of these agreements was a net loss of $121.9 million in 2012 and a net gain of $26.9 million in 2011.

10. Retirement Plans

CHI and its direct affiliates maintain noncontributory, defined benefit retirement plans (Plans) covering substantially all employees. Benefits in the Plans are based on compensation, retirement age and years of service. Vesting occurs over a five-year period. Substantially all of the Plans are qualified as church plans and are exempt from certain provisions of both the Employee Retirement Income Security Act and Pension Benefit Guaranty Corporation premiums and coverage. Funding requirements are determined through consultation with independent actuaries.

CHI recognizes the funded status (that is, the difference between the fair value of plan assets and the projected benefit obligations) of its Plans in the consolidated balance sheets, with a corresponding adjustment to net assets. Actuarial gains and losses that arise and are not recognized as net periodic pension cost in the same periods are recognized as a component of net assets.

In connection with the acquisition of JHSMH in January 2012, CHI acquired the pension liabilities of JHSMH, herein referred to as the JHSMH plan.

10. Retirement Plans (continued)

A summary of the changes in the benefit obligation, fair value of plan assets and funded status of the Plans at the June 30 measurement dates is as follows (in thousands):

	2012	2011
Change in benefit obligation:		
Benefit obligation, beginning of year	**$ 2,767,988**	$ 2,648,696
Service cost	**169,477**	167,444
Interest cost	**153,204**	143,536
Actuarial loss (gain)	**446,352**	(80,030)
JHSMH plan	**183,733**	–
Settlements	**(8,495)**	–
Benefits paid	**(110,851)**	(111,340)
Expenses paid	**(177)**	(318)
Benefit obligation, end of year	**3,601,231**	2,767,988
Change in the Plans' assets:		
Fair value of the Plans' assets, beginning of year	**2,452,465**	1,917,500
Actual return on the Plans' assets, net of expenses	**45,002**	454,343
Employer contributions	**194,279**	192,280
JHSMH plan	**136,188**	–
Settlements	**(8,495)**	–
Benefits paid	**(110,851)**	(111,340)
Expenses paid	**(177)**	(318)
Fair value of the Plans' assets, end of year	**2,708,411**	2,452,465
Funded status of the Plans	**$ (892,820)**	$ (315,523)
End-of-year values:		
Projected benefit obligation	**$ 3,601,231**	$ 2,767,988
Accumulated benefit obligation	**3,428,819**	2,598,491

Included in net assets at June 30, 2012, are the following amounts that have not yet been recognized in net periodic pension cost: unrecognized prior service cost of $0.9 million and unrecognized actuarial losses of $1.2 billion. The prior service cost and actuarial loss included in net assets and expected to be recognized in net periodic pension cost during the fiscal year ending June 30, 2013, are $0.2 million and $92.5 million, respectively.

10. Retirement Plans (continued)

The components of net periodic pension expense are as follows (in thousands):

	2012	2011
Components of net periodic pension expense:		
Service cost	**$ 169,477**	$ 167,444
Interest cost	**153,204**	143,536
Expected return on the Plans' assets	**(198,093)**	(183,365)
Amortization of prior service benefit	**187**	893
Actuarial losses	**39,029**	47,550
	$ 163,804	$ 176,058
Weighted-average assumptions:		
Discount rate, beginning of year	**5.39%**	5.24%
Discount rate, end of year	**4.06**	5.39
Expected return on the Plans' assets	**7.75**	8.00
Rate of compensation increase	**3.75**	4.25

The assumption for the expected return on the Plans' assets is based on historical returns and adherence to the asset allocations set forth in the Plans' investment policies. The expected return on the Plans' assets for determining pension cost was 7.75% in 2012 and 8.00% in 2011. The decrease in the discount rate to 4.06% at June 30, 2012 increased the pension benefit obligation by approximately $420.3 million.

A summary of the Plans' asset allocation targets, ranges by asset class and allocations by asset class at the measurement dates of June 30 is as follows:

	2012	2011	Target	Range
Fixed-income securities	**29.8%**	26.1%	27.5%	17.5–37.5%
Equity securities	**51.2**	53.7	52.5	42.5–62.5
Alternative investments	**19.0**	20.2	20.0	10.0–30.0

The Plans' assets are invested in a portfolio designed to preserve principal and obtain competitive investment returns and long-term investment growth, consistent with actuarial assumptions, while minimizing unnecessary investment risk. Diversification is achieved by allocating assets to various asset classes and investment styles and by retaining multiple investment managers with complementary philosophies, styles and approaches. Although the objective of the Plans is to maintain asset allocations close to target, temporary periods may exist where allocations are outside of the expected range due to market conditions. The use of leverage is prohibited except as specifically directed in the alternative investment allocation. The portfolio is managed on a basis consistent with the CHI social responsibility guidelines.

10. Retirement Plans (continued)

The Plans' assets measured at fair value on a recurring basis were determined using the following inputs at June 30 (in thousands):

	2012 Fair Value Measurements at Reporting Date Using			
		(Level 1)	(Level 2)	(Level 3)
	Fair Value as of June 30	Quoted Prices in Active Markets	Other Observable Inputs	Unobservable Inputs
Cash and short-term investments	$ 128,098	$ 117,585	$ 10,513	$ –
Marketable equity securities	1,318,456	1,318,456	–	–
Marketable fixed-income securities	756,137	230,647	525,490	–
Alternative investments	505,720	–	–	505,720
	$ 2,708,411	$ 1,666,688	$ 536,003	$ 505,720

	2011 Fair Value Measurements at Reporting Date Using			
		(Level 1)	(Level 2)	(Level 3)
	Fair Value as of June 30	Quoted Prices in Active Markets	Other Observable Inputs	Unobservable Inputs
Cash and short-term investments	$ 133,920	$ 80,363	$ 53,557	$ –
Marketable equity securities	1,276,810	1,276,810	–	–
Marketable fixed-income securities	547,052	122,806	424,246	–
Alternative investments	494,683	–	–	494,683
	$ 2,452,465	$ 1,479,979	$ 477,803	$ 494,683

10. Retirement Plans (continued)

A summary of the changes in the fair value of the Plans' investments for which Level 3 inputs were used at the June 30 measurement dates is as follows (in thousands):

	2012	2011
Beginning investments at fair value	**$ 494,683**	$ 415,079
Purchases of investments	**24,306**	41,499
Proceeds from sale of investments	**(32,860)**	(23,322)
Net change in unrealized appreciation on investments and effect of foreign currency translation	**2,426**	43,066
Net realized gains on investments	**17,346**	18,369
Net transfers out of Level 3	**(181)**	(8)
Ending investments at fair value	**$ 505,720**	$ 494,683

CHI expects to contribute $195.1 million to the Plans in fiscal year 2013. A summary of expected benefits to be paid to the Plans' participants and beneficiaries is as follows (in thousands):

	Estimated Payments
Year Ending June 30:	
2013	$ 187,219
2014	171,532
2015	183,811
2016	211,306
2017	243,581
2018–2022	1,522,626

11. Concentrations of Credit Risk

CHI grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. CHI's exposure to credit risk on patient accounts receivable is limited by the geographical diversity of its MBOs. The mix of receivables from patients and third-party payors at June 30 approximated the following:

	2012	2011
Medicare	**26%**	23%
Medicaid	**11**	7
Managed care	**32**	36
Self-pay	**6**	10
Commercial and other	**25**	24
	100%	100%

CHI maintains long-term investments with various financial institutions and investment management firms through its investment program, and its policy is designed to limit exposure to any one institution or investment. Management does not believe there are significant concentrations of credit risk at June 30, 2012 and 2011.

12. Commitments and Contingencies

Litigation

During the normal course of business, CHI may become involved in litigation. Management assesses the probable outcome of unresolved litigation and records estimated settlements. After consultation with legal counsel, management believes that any such matters will be resolved without material adverse impact to the consolidated financial position or results of operations of CHI.

Health Care Regulatory Environment

The health care industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not limited to, matters such as licensure, accreditation, government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Management believes CHI is in compliance with all applicable laws and regulations of the Medicare and Medicaid programs. Compliance with such laws and regulations is complex and can be subject to future governmental interpretation as well as significant regulatory action, including fines, penalties and exclusion from the Medicare and Medicaid programs. Certain CHI entities have

12. Commitments and Contingencies (continued)

been contacted by governmental agencies regarding alleged violations of Medicare practices for certain services. In the opinion of management after consultation with legal counsel, the ultimate outcome of these matters will not have a material adverse effect on CHI's consolidated financial position.

Operating Leases

CHI leases certain real estate and equipment under operating leases, which may include renewal options and escalation clauses. Future minimum lease payments required for the next five years and thereafter for all operating leases that have initial or remaining noncancelable lease terms in excess of one year at June 30, 2012, are as follows (in thousands):

	Amounts Due
Year Ending June 30:	
2013	$ 104,407
2014	91,753
2015	75,761
2016	68,627
2017	61,038
Thereafter	210,019
	$ 611,605

Lease expense under operating leases for continuing operations for the years ended June 30, 2012 and 2011, totaled approximately $175 million and $145 million, respectively.

13. Insurance Programs

FIIL, a wholly owned captive insurance company of CHI, provides hospital professional liability, employment practices liability and commercial general liability coverage, primarily to MBOs related to CHI either on a directly written basis or through reinsurance fronting relationships with commercial carriers such as PPIC. Policies written provide coverage with primary limits in the amount of $8 million for each and every claim. For the policy year July 1, 2011 to July 1, 2012, there is an annual policy aggregate of $75 million eroded by hospital professional liability and commercial general liability claims, subject to a $175,000 continuing underlying per claim limit. Effective July 1, 2011, FIIL provided excess umbrella liability coverage for claims in excess of the underlying limits discussed above. The limits provided under such excess coverage are $200 million per claim and in the aggregate. Prior to July 1, 2011, CHI had obtained excess coverage directly from commercial insurance companies. FIIL reinsured 100% of the excess coverage layer with various commercial insurance companies. At June 30, 2012 and 2011, investments and assets limited as to use held for insurance purposes included $59 million and $58 million, respectively, held as collateral for the reinsurance fronting arrangement with PPIC.

13. Insurance Programs (continued)

FIIL provides workers' compensation coverage, either on a directly written basis or through reinsurance fronting relationships with commercial carriers for amounts above $1 million per claim. Coverage of $500,000 in excess of $500,000 per claim is reinsured with an unrelated commercial carrier. FIIL also underwrites the property and casualty risks of CHI for up to $1 million per claim. Unrelated commercial insurance carriers reinsure losses in excess of the per-claim limits.

The liability for self-insured reserves and claims represents the estimated ultimate net cost of all reported and unreported losses incurred through June 30. The reserves for unpaid losses and loss adjustment expenses are estimated using individual case-based valuations, statistical analyses and the expertise of an independent actuary.

The estimates for loss reserves are subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid losses and loss adjustment expenses are adequate. The estimates are reviewed periodically, with consultation from independent actuaries, and any adjustments to the loss reserves are reflected in current operations. As a result of these reviews of claims experience, estimated reserves were reduced by $47.8 million and $19.3 million in 2012 and 2011, respectively. The reserves for unpaid losses and loss adjustment expenses relating to the workers' compensation program were discounted, assuming a 4% annual return at June 30, 2012 and 2011, to a present value of $147.1 million and $148.8 million at June 30, 2012 and 2011, respectively, and represented a discount of $46.3 million and $32.2 million in 2012 and 2011, respectively. Reserves related to professional liability, employment practices and general liability are not discounted.

FIIL holds $722.1 million and $715.7 million of investments held for insurance purposes as of June 30, 2012 and 2011, respectively. Distribution of amounts from FIIL to CHI are subject to the approval of the Cayman Island Monetary Authority. CHI established a captive management operation (Captive Management Initiatives, Ltd.) based in the Cayman Islands, which currently manages FIIL as well as operations of other unrelated parties.

CHI, through its Welfare Benefit Administration and Development Trust, provides comprehensive health and dental coverage to certain employees and dependents through a self-insured medical plan. Accounts payable and accrued expenses include $54 million and $45 million for unpaid claims and claims adjustment expenses for CHI's self-insured medical plan at June 30, 2012 and 2011, respectively. Those estimates are subject to the effects of trends in loss severity and frequency. Although considerable variability is inherent in such estimates, management believes that the reserves for unpaid losses and loss adjustment expenses are adequate. The estimates are reviewed periodically and, as adjustments to the liability become necessary, such adjustments are reflected in current operations. CHI has stop-loss insurance to cover unusually high costs of care beyond a predetermined annual amount per enrolled participant.

14. Subsequent Events

CHI's management has evaluated events subsequent to June 30, 2012 through September 18, 2012, which is the date these consolidated financial statements were available to be issued. There have been no material events noted during this period that would either impact the results reflected herein or CHI's results going forward, except as disclosed below

Alegent Health

Since 1996, CHI and Immanuel have been party to a Joint Operating Agreement in Omaha, operating under the name Alegent Health (Alegent). Effective in June 2012, CHI and Immanuel signed a letter of intent under which Immanuel will resign its membership and governance role in Alegent, leaving CHI as the sole member and sponsor of Alegent. The transaction is expected to close in late 2012.

In April 2012, Alegent also entered into an agreement with Creighton University to form a long-term strategic affiliation and to acquire Creighton University Medical Center (CUMC). Effective in September 2012, Alegent assumed the operations of CUMC's physician group, Creighton Medical Associates. Although CHI is not currently a party to this transaction, it would become one as a result of the June 2012 letter of intent with Immanuel discussed above.

PeaceHealth

In August 2012, CHI signed a nonbinding letter of intent with PeaceHealth, a Catholic health care system, to create a new integrated regional health care system in the states of Washington, Oregon and Alaska. CHI and PeaceHealth would be equal partners in the new health system and would include CHI's operations in the states of Washington and Oregon. The transaction is subject to various approvals and is expected to be completed before June 30, 2013.

Conifer Health Solutions

Effective in fiscal year 2013, CHI entered into an agreement with Tenet Healthcare to become a minority owner of Conifer Health Solutions (Conifer), a provider of revenue cycle and business management services to hospitals, whereby, in exchange for CHI's ownership interest, Conifer will manage the revenue cycle services for most of CHI's hospitals. CHI will be transitioning its revenue cycle and health information management employees to Conifer over the 2013 fiscal year.

Supplemental Information

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Report of Independent Auditors on Supplemental Information

Board of Stewardship Trustees
Catholic Health Initiatives

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of Catholic Health Initiatives as a whole. The following consolidating financial information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in our audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Ernst & Young LLP

September 18, 2012

Catholic Health Initiatives
Consolidating Balance Sheet

June 30, 2012
(In Thousands)

	MBOs	Corporate	FIIL	CHI Welfare Benefits Trust	Other	Eliminations and Adjustments	Consolidated
Assets							
Current assets							
Cash and equivalents	$ 329.818	$ 42.280	$ 119	$ 29.705	$ 2.050	$ –	$ 403.972
Net patient accounts receivable, less allowance of $687.631	1.353.928	–	–	–	–	–	1.353.928
Other accounts receivable	127.010	74.618	5.182	313	34.400	(124.916)	116.607
Current portion of investments and assets limited as to use	1.901	–	–	–	–	–	1.901
Inventories	185.571	–	–	–	–	–	185.571
Assets held for sale	474.990	–	–	–	–	–	474.990
Prepaid and other	52.678	34.265	13	157	66	–	87.179
Total current assets	2.525.896	151.163	5.314	30.175	36.516	(124.916)	2.624.148
Investments and assets limited as to use							
Internally designated for capital and other funds	3.415.100	1.083.825	–	89.594	–	–	4.588.519
Mission and Ministry Fund	–	110.918	–	–	–	–	110.918
Capital Resource Pool	–	320.218	–	–	–	–	320.218
Held by trustees	228	–	–	–	–	–	228
Held for insurance purposes	23.058	–	722.069	–	–	–	745.127
Restricted by donors	170.638	485	–	–	–	–	171.123
Total investments and assets limited as to use	3.609.024	1.515.446	722.069	89.594	–	–	5.936.133
Property and equipment, net	4.870.828	475.473	–	–	1.174	–	5.347.475
Deferred financing costs	188	28.529	–	–	–	–	28.717
Investments in unconsolidated organizations	209.279	1.161.507	–	–	8.922	(1.071.790)	307.918
Intangible assets	162.880	–	–	–	–	–	162.880
Notes receivable and other	76.590	2.995.622	20.518	–	–	(2.487.617)	605.113
Total assets	$ 11.454.685	$ 6.327.740	$ 747.901	$ 119.769	$ 46.612	$ (3.684.323)	$ 15.012.384

Continued on following page

Catholic Health Initiatives
Consolidating Balance Sheet (continued)

June 30, 2012
(In Thousands)

	MBOs	Corporate	FIIL	CHI Welfare Benefits Trust	Other	Eliminations and Adjustments	Consolidated
Liabilities and net assets							
Current liabilities							
Compensation and benefits	$ 363.171	$ 52.224	$ –	$ 1.374	$ 1.828	$ –	$ 418.597
Third-party liabilities	76.660	–	–	–	–	–	76.660
Accounts payable and accrued expenses	551.084	228.885	3.961	53.478	3.326	(121.837)	718.897
Liabilities held for sale	103.633	–	–	–	–	–	103.633
Variable-rate debt with self liquidity	–	321.455	–	–	–	–	321.455
Current portion of long-term debt	124.416	629.115	–	–	–	(110.448)	643.083
Total current liabilities	1.218.964	1.231.679	3.961	54.852	5.154	(232.285)	2.282.325
Pension liability	83.364	809.456	–	–	–	–	892.820
Self-insured reserves and claims	16.338	37.185	460.061	–	–	–	513.584
Other liabilities	118.120	121.722	–	–	–	(3.079)	236.763
Long-term debt	2.440.592	3.715.286	–	–	–	(2.377.169)	3.778.709
Total liabilities	3.877.378	5.915.328	464.022	54.852	5.154	(2.612.533)	7.704.201
Net assets							
Net assets attributable to CHI	7.367.623	236.379	283.879	64.917	41.458	(1.071.790)	6.922.466
Net assets attributable to noncontrolling interests	5.317	175.546	–	–	–	–	180.863
Unrestricted	7.372.940	411.925	283.879	64.917	41.458	(1.071.790)	7.103.329
Temporarily restricted	136.334	487	–	–	–	–	136.821
Permanently restricted	68.033	–	–	–	–	–	68.033
Total net assets	7.577.307	412.412	283.879	64.917	41.458	(1.071.790)	7.308.183
Total liabilities and net assets	$ 11.454.685	$ 6.327.740	$ 747.901	$ 119.769	$ 46.612	$ (3.684.323)	$ 15.012.384

Catholic Health Initiatives
Consolidating Statement of Operations

Year Ended June 30, 2012
(In Thousands)

	MBOs	Corporate	FIIL	CHI Welfare Benefits Trust	Other	Eliminations and Adjustments	Consolidated
Revenues:							
Net patient services	$ 9,336,797	$ –	$ –	$ –	$ –	$ (112,938)	$ 9,223,859
Nonpatient	–						
Donations	25,960	2,008	–	–	–	–	27,968
Changes in equity of unconsolidated organizations	16,504	8,642	–	–	(2,206)	(6)	22,934
Investment income from self-insured trust funds	3,024	–	34,145	–	–	–	37,169
Other	379,163	855,699	133,740	372,557	6,516	(1,215,334)	532,341
Total nonpatient revenues	424,651	866,349	167,885	372,557	4,310	(1,215,340)	620,412
Total operating revenues	9,761,448	866,349	167,885	372,557	4,310	(1,328,278)	9,844,271
Expenses:							
Salaries and wages	3,523,165	241,526	–	–	11,743	(46)	3,776,388
Employee benefits	822,465	25,993	–	376,459	1,725	(477,587)	749,055
Purchased services, medical professional fees, consulting and legal	1,129,211	147,068	653	2,094	3,086	(356,685)	925,427
Supplies	1,558,339	7,694	–	–	334	–	1,566,367
Bad debts	709,654	–	–	–	–	–	709,654
Utilities	107,781	12,399	–	–	25	–	120,205
Rentals, leases, maintenance and insurance	310,596	310,725	135,412	–	1,112	(234,769)	523,076
Depreciation and amortization	453,484	19,935	–	–	354	–	473,773
Interest	96,926	134,101	–	–	–	(101,379)	129,648
Other	655,555	11,122	991	598	666	(157,807)	511,125
Total operating expenses before restructuring, impairment and other losses	9,367,176	910,563	137,056	379,151	19,045	(1,328,273)	9,484,718
Income (loss) from operations before restructuring, impairment and other losses	394,272	(44,214)	30,829	(6,594)	(14,735)	(5)	359,553
Restructuring, impairment and other losses	24,226	22,813	–	–	696	–	47,735
Income (loss) from operations	370,046	(67,027)	30,829	(6,594)	(15,431)	(5)	311,818
Nonoperating gains (losses):							
Investment income (loss), net	33,881	(6,377)	(10,159)	2,488	(4)	–	19,829
Loss on defeasance of bonds	(69,878)	(677)	–	–	–	–	(70,555)
Realized and unrealized losses on interest rate swaps	–	(153,411)	–	–	–	–	(153,411)
Other nonoperating (losses) gains	(12,215)	(35,323)	–	–	–	35,323	(12,215)
Total nonoperating (losses) gains	(48,212)	(195,788)	(10,159)	2,488	(4)	35,323	(216,352)
Excess (deficiency) of revenues over expenses	$ 321,834	$ (262,815)	$ 20,670	$ (4,106)	$ (15,435)	$ 35,318	$ 95,466
Excess (deficiency) of revenues over expenses attributable to noncontrolling interest	$ 6,542	$ (6,005)	$ –	$ –	$ –	$ –	$ 537
Excess (deficiency) of revenues over expenses attributable to CHI	$ 315,292	$ (256,810)	$ 20,670	$ (4,106)	$ (15,435)	$ 35,318	$ 94,929

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